

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday April 12 1984

Facing a conundrum  
over U.S.  
interest rates, Page 23

No. 29,296

D 8523 B

## NEWS SUMMARY

### GENERAL

#### Europe to challenge U.S. on new arms

European governments in Nato are to challenge the U.S. to adopt European high-technology weapons. Their list of nearly 200 weapons systems, some of which they want Nato to endorse for co-operative development and use, is a response to a U.S. move originally greeted with some hostility.

This was a proposal 15 months ago to develop emerging technology weapons to boost Nato non-nuclear forces, and was seen as an attempt to force Europe to buy U.S. weapons systems. Page 24

#### Mauroy wants cuts

French Premier Pierre Mauroy called on ministers for drastic spending cuts next year, to make way for promised tax cuts. Page 2

#### Iran Hormuz pledge

Iran assured Japan that it would not close the Strait of Hormuz in its war with Iraq unless its oil exports were totally blocked. Page 4

#### Troops replaced

Paramilitary troops blamed by Sikhs for eight riot deaths last week were pulled out of the Sikh holy city of Amritsar to defuse tension in the Punjab.

#### Botha for Europe

South African Premier P.W. Botha is expected to visit West Germany this year, his first trip to Europe since taking office in 1978. He may visit other countries. Page 4

#### New Lima Cabinet

Peru's President Belaunde appointed a new cabinet, headed by Sandro Mariategui, after the resignation of Premier Fernando Schwach. Page 6

#### Mondale half way

Walter Mondale has more than half the delegates he needs to win the Democratic Party presidential nomination after soundly beating Gary Hart in Pennsylvania. Page 6

#### New trouble for Zia

Students and right-wing Muslim political groups are spearheading a new bout of opposition to Pakistan President Zia-ul-Haq's military regime. Page 4

#### Cyprus tension

UN mediator Dr Hugo Gohbi flies to Nicosia today to try to defuse tension in Cyprus renewed by a Turkish Cypriot decision to hold elections in the north. Page 2

#### Italy controls cruise

Italian Defence Minister Giovanni Spadolini said U.S. cruise missiles in Sicily could not be fired without Italian approval.

#### Chinese leader out

Chinese Communist Party propaganda chief Deng Lijun resigned after criticism of his campaign against "spiritual pollution" which attacked artistic freedom and Western-style behaviour. Page 4

#### West Bank drive

Israel's Government is approving many new settlements on the occupied West Bank and Gaza Strip ahead of the July 23 elections. Page 4

#### Pollution call

The UN Environmental Programme urged countries bordering the Mediterranean to adopt common pollution policies to avert health hazards to swimmers and shellfish eaters.

### BUSINESS

#### Rhône-Poulenc returns to profit

RHÔNE-POULENC, French nationalised chemicals group, returned to profit last year, earlier than expected after years of big losses, with net earnings of FF 98m (\$12.2m), against a FF 84m loss. Page 24

WORLD BANK is planning a meeting of commercial banks to discuss a big co-financing loan for a Pakistan hydrocarbon cracker project.

HAMBRO Life Assurance, Britain's biggest unit-linked life company, and Charterhouse 1 Rothschild, merchant banking and financial services group, plan to merge, forming a new group worth some £1bn (\$1.44bn) on the stock market. Lex, Page 24; Analysis, Page 30

DOLLAR drifted lower in London to DM 2.6085 (DM 2.625), Y22.5 (Y22.55), FF 8.02 (FF 8.0725) and SwFr 3.12 (SwFr 3.11), but was unchanged at DM 3.78 and lower at Y321 (Y323). Its trade-weighted index was 126.3 (127.2). Page 43

STERLING rose 95 points in London to \$1.441 and improved to FF 11.555 (FF 11.55) and SwFr 3.12 (SwFr 3.11), but was unchanged at DM 3.78 and lower at Y321 (Y323). Its trade-weighted index was 126.3 (127.2). Page 43

LEAD slipped back from recent record highs on profit-taking. The London cash price dropped £15.25 to £228. Page 42

LONDON: FT Industrial Ordinary index rose 7.5 to 888.1. Report, Page 37; FT share information service, Pages 39-40

WALL STREET: Dow Jones index was up 5.45 at 1,132.85 before the market opened. Page 33; Full share listings, Pages 34-36

TOKYO: Nikkei Dow index was 4,322 higher at 10,930.44. The Stock Exchange index added 4.01 at 859.05. Report, Page 33; Leading prices, other exchanges, Page 36

PEARSON International, U.S. engineering group, ended merger talks with Chesapeake Financial, which had planned to buy outstanding shares for \$15 each.

SHEARSON/American Express, third biggest Wall St. brokerage firm, agreed to buy U.S. investment bank Lehman Brothers Kuhn Loeb for \$360m in notes and convertible debt. Background, Page 24

ABBOTT Laboratories, big U.S. health care group, boosted first-quarter earnings from \$75.3m to \$87.7m, 73c a share, on sales of \$721.1m (\$680.3m).

POLISH Foreign Trade Ministry called for the zloty to be devalued again, after its 12 per cent drop last month. Page 3

DUTCH trade unions are uniting in their campaign for a shorter working week. Page 3

U.S. Federal Trade Commission to pursue case against proposed merger of Warner Communications' recorded music interests and Polygram despite court ruling against the agency.

WOOLWORTH, the UK stores group, put in an unexpected £177 (\$253m) agreed bid for Comet, the UK electrical discount retailer. This exceeded by £23m an earlier bid for Comet by the Harris Queensway furnishing group. Lex, Page 24

The editorial content of today's international edition has been restricted because of industrial action by IG Druck und Papier at Frankfurt Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. share prices.

## Presidency consolidates Chernenko's leadership

BY ANTHONY ROBINSON IN LONDON

MR KONSTANTIN CHERNENKO was elected President of the Presidium of the Supreme Soviet yesterday in a move which gives him the rank of head of state of the Soviet Union, a mere two months after becoming head of the Communist Party.

Taken together with his other position as chairman of the Defence Council, Mr Chernenko, who is 72, thus holds the three principal offices of state and party.

Although the formal power of Mr Chernenko has been bolstered by this appointment, and by the careful build-up of personal publicity since his takeover from the late Mr Yuri Andropov in February, his advanced age, poor speaking style and limited experience outside formal

party affairs has tended to mark him as an interim leader.

Against this background, the most significant decision on the first day of the two-day Supreme Soviet session appears to have been the elevation of Mr Mikhail Gorbachev 53, as chairman of the Foreign Affairs Commission of the Soviet of the Union, one of the two houses which make up the Soviet "parliament." The second is the Soviet of Nationalities.

The chairmanship of the Foreign Affairs Commission was held for decades by Mr Mikhail Suslov, the veteran party ideologue and party "king-maker" whose death in January, 1983 helped to tip the balance of power in the Kremlin.

By taking Mr Suslov's old place, Mr Gorbachev takes his first formal

step into two key areas of Soviet power: foreign affairs and ideology. Until now his formal responsibilities have been limited to agriculture and the economy, although Mr Andropov relied upon him heavily and extended his de facto range into foreign affairs and related questions.

The latest promotion not only confirms Mr Gorbachev as the leader among the younger generation of leadership hopefuls but also implies that he is now being groomed for the succession. The last time this course was followed was in the 1960s when the late Nikita Khrushchev appeared to be grooming Leonid Brezhnev - only to be replaced by him instead, following the Kremlin coup of October 1964.

While Mr Chernenko and Mr

Gorbachev moved up, both Mr Nikolai Tikhonov, Prime Minister, 79 next month, and Mr Vasily Kuznetsov, 83-year-old Deputy President, retained their positions. Such men are vital to the maintenance of the Politburo balance of power.

In the interests of stability and security, therefore, the Soviet leadership appears to have passed up another opportunity to rejuvenate the top levels of government.

Under the Soviet system, the government essentially works as a parallel, executive arm. It implements policy decisions taken by the Communist Party. The entire Soviet Government submits its resignation at the end of every five-year term of the Supreme Soviet. The new government list is due to be presented today.



Mr Konstantin Chernenko

## Kawasaki wins major Singapore metro contract

By Chris Sherwell, South-East Asia Correspondent

A FOUR-MEMBER Japanese consortium led by Kawasaki Heavy Industries has beaten Metro-Cammell of Britain and Asea of Sweden for the lucrative rolling stock contract in Singapore's S\$5bn Mass Rapid Transit (MRT) metro project.

The consortium's final tender price of S\$581.5m (U.S.\$275.4m) for railcars is believed to have undercut Metro-Cammell's bid by about 12 per cent and is reckoned to be close to basic material and equipment prices - an indication of the cut-throat competition.

The contract, the biggest in the project, is important because it could ensure the winner's future in this specialised manufacturing field. For Metro-Cammell, which was originally said to be the favourite, the business was vital to its well-being.

Mr Tony Sansome, Metro-Cammell's chairman, said: "It is very disappointing, but we are not suicidal people."

The Mass Rapid Transport Corporation (MRTC) said in a statement that the technical proposals of all three final bidders were "excellent", but it added that price "must be the deciding factor" and that the Japanese tender had a "strong price advantage."

The announcement was brought forward at least a day after Metro-Cammell's parent, Laird Group, decided to publicise an attempt to sabotage its bid in the final weeks through the means of a bogus telex alleging that payments had been corruptly made.

The incident appears not to have affected determination of the result, which came after several months of tense competition.

Kawasaki leads a consortium which includes Nippon Sharyo Seizo Kaisha, Tokyu Car and Kinki Sharyo. Formerly it had no local partner, but some work is expected to go to National Iron and Steel Mills of Singapore, and the MRTC says that an undertaking has been given to train its personnel in aspects of engineering design and cost and quality control.

This is a long way from the sort of technology transfer offered by Metro-Cammell, which had as a partner Singapore Automotive Engineering, a government-controlled defence contractor, and Asea, which had Sembawang Shipyard.

Continued on Page 24  
Japan clinches the deal, Page 22

## IBM Europe chief attacks U.S. curb on high-tech sales

BY DAVID MARSH IN PARIS

IBM, the world's dominant computer company, is mounting a campaign to warn the Reagan Administration against further tightening of U.S. export controls on high technology.

The company is making plain its concern in discreet lobbying in Washington, partly because it fears its own international business would be damaged by fresh U.S. restrictions aimed at preventing technology from reaching the Soviet bloc.

Mr Kaspar Cassani, president of IBM Europe, said yesterday that intensification of export licensing controls - being pressed for by the U.S. Defence Department - would be harmful to international trade.

He believed that the controversy in Washington over the issue, which is being closely followed by governments and industrialists in Europe and Japan, would result in a "compromise."

IBM, with considerable manufacturing and research facilities in Europe, has in recent years buttressed its image as an integral part of the European information technology industry.

Speaking at the inauguration of IBM Europe's new two-tower headquarters at the La Defense office block complex west of Paris, Mr Cassani pointed out that IBM had

also helped to intercede with the Reagan Administration on the side of the Europeans over the U.S. embargo on the Soviet gas pipeline equipment in 1982.

But IBM has recently been the centre of controversy in the UK over the tightening of American technology controls. Following a reminder from IBM to leasing customers that changes in use or location of their computers were subject to U.S. Government approval, the British Government protested that Washington was extending U.S. jurisdiction to Europe.

On Europe's recently approved Export Information Technology Release programme, Mr Cassani said IBM had made clear to the EEC its interest in taking part, and had received assurances from the EEC Commission that it would be "welcome."

Studies were under way which could lead to joint ventures with European companies involved with Espirit.

IBM hoped for a response soon from the EEC Commission to its submission of documents last October in the Commission's long-running investigation into alleged misuse of its dominant market position in Europe.

European challenge Pentagon, Page 24

## Cheysson says UK must show flexibility

By John Wyles in Luxembourg

MR CLAUDE CHEYSSON of France, the current president of the EEC's Council of Ministers, indicated yesterday that negotiations on cutting Britain's payments to the Community will be frozen until the UK confirms a willingness to compromise.

"If the problem cannot be dealt with straight away then we, the other Nine, are not going to lose sleep," said the French External Affairs Minister. He went on to suggest that the absence of an initiative from the UK shows that "they are not in much of a hurry."

M Cheysson's remarks to a press conference confirm that the negotiations on the British budget problem have lost the momentum established by the summit in Brussels on March 19-20 and by a meeting of foreign ministers a week later.

They also explain his conduct of the foreign ministers' discussions on Monday when he asked Sir Geoffrey Howe, Britain's Foreign Secretary, whether he had any proposal to make. Sir Geoffrey's suggestion that the European Commission should work on a compromise was rejected by the Commission and M Cheysson then closed the discussion.

On March 27, M Cheysson said last night, the other Nine had done a sort of "striptease" with their offers to the UK, "who showed no interest." He added with characteristic flippancy: "The Nine thought they were more attractive than that."

France as EEC president and the Commission had both taken all the necessary initiatives, the French Minister said. No more could be done when the interested country "does not move, does not budge."

From the UK's point of view, M Cheysson was indicating that the negotiations might even have slipped back. He said the offer still on the table was the one made by Chancellor Helmut Kohl of West Germany at the summit - a 1bn European currency units (\$85m) per year reduction in Britain's payments for five years followed by the introduction of a semi-automatic system.

This contrasts with the position of the Nine on March 27 when they offered a 1bn cut in 1984 followed by the introduction of the system in 1985 based on a starting figure of Ecu 1bn.

The UK meanwhile has dug in on a starting reduction of Ecu 1.25bn, although its request for a Commission proposal could be seen as a willingness to compromise on this figure.

What is not clear from M Cheysson's statement is whether France will make further efforts to settle the problem before the next summit in June. It could be left to ride until the autumn when a decision on emergency financing for the 1984 budget and the raising of the 1 per cent value-added tax ceiling on budget revenues will be more urgently needed. Both will be blocked by the UK until the budget problem is settled.

## Bouygues to take control of Amrep

BY DAVID MARSH IN PARIS

BOUYGUES, the fast-growing French construction group, has agreed to take control of Amrep, one of the country's leading oil service companies, which has recently disclosed grave financial difficulties over contracts in Brazil and Nigeria.

Bouygues, which is seeking to enlarge its offshore oil business in drilling rigs, is taking a controlling stake as part of an overall recovery plan for the company. Elf Aquitaine, the state-controlled oil company, could also take a stake in Amrep to join its present main shareholders, the other state oil group, Total, and the nationalised Paribas banking group.

Amrep, whose share quotation has been suspended on the Paris bourse, is at the centre of an investigation announced last month by France's stock exchange watchdog, the Commission des Operations de Bourse (COB).

In a move of unusual toughness, the COB has accused Amrep of issuing misleading financial information when it launched a FF 115m

convertible bond last November accompanied by an optimistic earnings forecast.

Last month Amrep shares slumped dramatically on the Paris bourse after it revealed that its Uff offshore subsidiary had lost FF 400m (\$50m) on overseas contracts last year.

Bouygues will take a stake of 55 per cent in the Auxirap holding company, which owns 50.1 per cent of Amrep's shares. Remaining shareholders in Auxirap will be Total, with 24 per cent (held through a financial subsidiary OEP), Paribas, with 18 per cent (through its Sogedip subsidiary); and M Andre Miller, the company's founding chairman, with 5 per cent.

Elf Aquitaine may take a 15 per cent stake in Amrep, but this will take place only after a recovery plan is drawn up. Amrep said in a communiqué, M Miller previously held a 10 per cent stake.

Bouygues will draw up a recovery plan for Amrep by the first fortnight of June after receiving a full audit of the company's affairs.

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## EUROPEAN NEWS

## Mauroy confirms forecast of 2.5m jobless

THE FRENCH Prime Minister, M. Pierre Mauroy, yesterday confirmed that unemployment in France will be close to 2.5m by the end of the year, writes David Housego in Paris. The figure is in line with forecasts, but this is the first time that the Government has formally confirmed the expected sharp rise.

The Left came to power in 1981 committed to holding un-

employment in below 2m. Until last October they succeeded in stabilising it at around that figure. Last month, however, M. Jack Ralite, the Communist Minister of Employment, caused considerable surprise politically by saying that on present trends, unemployment could reach 2.5m by the end of the year.

M. Mauroy, asked to confirm this figure in the Na-

tional Assembly yesterday, said that an extrapolation of the present rate would result in the number of jobless rising to 2.45m. The official confirmation reflects the growing realism of the Government in facing up to the consequences of its industrial restructuring policy.

The Prime Minister gave as reasons: the rise in the number of redundancies in

industry, now averaging 10,000 a month; more young people finishing the temporary training courses which the government encouraged them to enter when it was trying hard to hold down the unemployment rate; and adverse demographic trends which will continue to 1987.

Opposition leaders say that the figures exclude those who have retired early or gone on training courses.

## France prepares cuts in spending

By David Housego in Paris

FRENCH MINISTRIES have been told to prepare spending cuts for next year to make way for a promised reduction in taxation.

In a memorandum setting out expenditure ceilings for 1985, M. Pierre Mauroy, the Prime Minister, says that current expenditure, excluding salaries, must be reduced by 2 per cent in current terms. He has also called for a 10 per cent cut in capital spending programmes in a year when the inflation rate is expected to be 6-7 per cent.

The directive marks the first step in drawing up the budget. Leaked by the satirical weekly, Le Canard Enchaîné, the figures were confirmed by offi-

cials yesterday to be broadly correct.

They would seem to reflect the Government's determination to pursue austerity policies right up to the eve of the 1986 legislative elections—the subject of considerable haggling.

The sharp cuts in expenditure are needed to redeem President François Mitterrand's promise last September to cut taxes as a proportion of GNP by 1 percentage point. In practice, this involves expenditure cuts of FFR 70bn (26bn) to provide a net reduction of FFR 40bn in taxes.

Spending ministers such as M. Laurent Fabius, the Minister

of Industry, and M. Michel Rocard, the Minister for Agriculture, have argued that an enlarged budget deficit would be preferable to axing public investment.

The Ministry of Finance confirmed last week that last year's budget had exceeded the 3 per cent ceiling of GNP. It announced a final government deficit of FFR 129.79bn—equivalent to 3.3 per cent of GNP or about FFR 11bn more than intended.

In an effort to prevent a substantially larger overshooting this year, M. Jacques Delors, the Finance Minister, also announced last week the cancellation of FFR 11bn of spending scheduled this year under the 1984 budget. The cuts fall on

agriculture, education, research, transport and current spending.

They offset unexpected increases in expenditure, including FFR 3.7bn of additional aid for shipyards. Most of the rest will go to financing industrial reconstruction plans, restraining schemes and the repatriation of immigrant workers.

In spite of the cuts, the planned FFR 125bn deficit this year is likely to be exceeded. On unofficial estimates, the deficit for this year could be FFR 20bn-FFR 40bn above target. It is largely because of the difficulty of containing unforeseen rises in expenditure that M. Mauroy has kicked off his 1985 budget calculations with such drastic ceilings.

## UN official for Cyprus as peace bid falters

By Andriana Herodiasconou in Athens

SR HUGO GOBBI, the United Nations Secretary-General's special representative for Cyprus, is being sent urgently to Nicosia amid signs that the latest peace effort for the island is running into heavy weather. He is expected in the Cypriot capital by the end of the week. The announcement coincided with a Turkish Cypriot decision to forge ahead with the implementation of last November's declaration of independence in the Turkish-occupied north of Cyprus. Mr. Rauf Denktaş, the Turkish Cypriot leader, has said that a referendum on a constitution will be held in August, followed by elections for a government in November. In peace proposals presented last month, Mr. Javier Pérez de Cuellar, the UN Secretary-General, asked the Turkish Cypriots to freeze any implementation of the independence declaration. In return, he called

on the Greek Cypriots to give up trying to wrest concessions through international pressure.

Mr. Denktaş has not yet officially responded to the Secretary-General's plan. He told journalists in Istanbul last month that he thought it was unbalanced "in favour of the Greek Cypriots. Senior Western officials involved in the UN peace process said yesterday that the formula has been accepted by the Greek Cypriots. Mr. George Iacovou, the Cypriot Foreign Minister, delivered a protest on the latest Turkish Cypriot move to the ambassadors in Nicosia of the five UN Security Council permanent member countries. The independence declaration has been condemned by the Security Council.

The Cyprus Government has said that a protest will also be made to all UN members in New York.

## Greece halves farm trade deficit with Community

By Our Athens Correspondent

GREECE'S agricultural trade balance with the EEC, which went into record deficit following accession to the Community in 1981, showed substantial improvement for the first time in 1983, Mr. Costa Simitis, the Greek Agriculture Minister, announced yesterday.

Mr. Simitis said the agricultural trade deficit in 1983 was roughly halved to Dr 8.4bn (266m) compared to Dr 19.7bn in 1982. The Minister said the 57 per cent reduction was due to a drop in cereal imports from the EEC and an accompanying rise in exports of olive oil, fruit and vegetables from Greece.

Greece's agricultural trade balance with the Community showed a surplus of about Dr 6bn in 1980, before accession. This was transformed into a deficit of about Dr 10bn in 1981.

The improvement in the EEC trade picture is part of an over-

all improvement in Greece's agricultural trade performance. Mr. Simitis said the overall deficit in agricultural trade between Greece and the rest of the world fell from Dr 14bn in 1982 to Dr 7.47bn in 1983. High meat import requirements are a major stumbling block to reducing deficits.

A 45 per cent volume increase in total Greek exports for the first two months of 1984, compared with the same period in 1983, was announced by Mr. Gerassimos Arsenis, the National Economy Minister.

Mr. Arsenis also reported a slowing down of inflation in the first quarter of 1984 to a rate of 15.7 per cent, against 21 per cent in 1983, as well as a 1.9 per cent rise in industrial productivity in January 1984 compared to a 3.7 per cent fall in January 1983. The minister said the figures showed the beginning of an economic recovery.

## Denmark's opposition blocks cash for missiles

By Hilary Barnes in Copenhagen

DENMARK'S opposition Social Democrats plan to block a Dkr 45m (£2.5m) payment to Nato's infrastructure programme in order to emphasise their opposition to deployment of new U.S. nuclear missiles in Europe.

The money is part of the Danish contribution to the missile modernisation programme. The party can count on a parliamentary majority for its move. There is increasing criticism in the country of Nato nuclear policy.

Mr. Anker Joergensen, the party leader and a former Prime Minister, says the money should be used for the Danish defence programme, such as civil defence.

Payment of the Dkr 45m was postponed indefinitely by Parliament last year, but was expected to be paid to Nato's conventional defence infrastructure programme instead. Mr. Joergensen now says that this would be tantamount to indirectly financing the missile modernisation programme.

Sig Giovanni Spadolini, the Italian Prime Minister, said yesterday that U.S. cruise missiles based in Sicily could not be fled without Italian approval. Renter reports from Rome.

Opening a debate in the Senate, he also denied Press reports that the number of medium-range cruise missiles to be stationed at the Comiso base in Sicily could rise above the stated level of 112.

"The Government is able to give solemn assurances that no nuclear weapon could ever be launched from national territory without the appropriate decision being adopted by the Italian Government," he said.

## MEPs back call for common approach to security within Nato

By John Wyles in Strasbourg

THE European Parliament yesterday rejected a wide political concern to see EEC countries co-operating more closely on security matters by calling on member governments to speak with a single voice within Nato.

Adoption yesterday of a resolution on a common approach to security means that the parliament has taken a clear position on defence and security issues in the run-up to June's European elections.

Despite the fact that the EEC has no treaty responsibilities for security and that Irish MEPs have been consistently opposed to the majority approach because of their country's neutrality, the parliament has called in a succession of resolutions for foreign ministers to develop a security concept and

for closer links between member states.

However, Irish, Danish and Greek opposition stands in the way of such a move and this is partly why the other seven foreign ministers are to hold an unprecedented meeting within the Western European Union next month. They will discuss the possibility of developing a "European pillar" within the Atlantic alliance.

Several MEPs stressed yesterday the need to avoid weakening the alliance by developing European security co-operation. But the notion of a more equal partnership carried strong support because it could influence the U.S. to take European interests more into account when framing its own policies.

The resolution and report on security co-operation was one of 14 separate external relations issues dealt with yesterday as MEPs make a frantic attempt to clear the decks. They will return to Strasbourg only once more before the election, by which time they will have disposed of 250 reports and resolutions in four months.

Few are of any great significance and many carry out the constitutional requirement to deliver opinions on European Commission proposals for legislation.

Members' growing preoccupation with the hustings is best reflected by the horde of journalists they are bringing to Strasbourg for two-day visits at the parliament's expense.

Some 300 journalists will have cast an eye over the chamber by the end of the week, while the total number of visitors sponsored by MEPs and partly subsidised by the parliament will be above 7,000.

## East bloc allies' war of words

By Leslie Collett in Berlin

A LONG-STANDING conflict has again erupted between Hungary and Romania over the Hungarian minority of some 2m in the Transylvanian region of Romania.

As the two countries are Warsaw Pact allies, their heated differences are being aired by their publicists. In the approval of the Communist leadership which remain silent.

The conflict stems from Hungary's rule over Transylvania from 1867 to 1918 which was accompanied by a policy of assimilation towards the Romanian population in the area. Under the 1920 Treaty of Trianon, Romania assumed control over Transylvania.

Hungarian publications charge that Romania's policy of assimilating the Hungarian population has intensified, making life intolerable for the ethnic Hungarians.

The Hungarian political magazine "Világ" has led off against a Romanian writer, Mr. Ion Lancranjan, who last year published his second book in as many years laying out Romania's historical claim to Transylvania.

The Hungarian writer, Mr. György Szekely, whose views on the subject were previously attacked by Mr. Lancranjan said the Romanian author's sole target was the "Hungarian nationality" in Romania.

He accused him of attributing false statements to Mr. Janos Kadar, Hungary's leader, and called the Romanian's theory in his latest work "mystical racism" or at best a form of "permanently nationalist".

The main Communist newspaper, "Nepesze", indirectly criticised the treatment of the Hungarian minority in Romania by noting that Lenin was too optimistic when he stipulated the equality of nationalities. Without naming Romania, the article said that Hungary rejects assimilation of minorities by "enforced romanisation" of national features.

The main Communist newspaper, "Nepesze", noted that it would be a good thing if no books were to appear in a "friendly country" that complicate co-operation by being unfriendly—"such as the book written by Ion Lancranjan." In that case, it said, "we could work together" on political, economic, cultural, travel and other links.

## Change in handling debt crisis urged

By James Suxton in Milan

THE INTERNATIONAL debt crisis is far from over and many of the methods being used to resolve it are inadequate or wrong. That was the broad consensus of three speakers at the European Banking Conference here yesterday.

Dr. Guido Carli, former governor of the Bank of Italy, indicated that he disagreed with Dr. Fritz Teuvscher, president of the Bank of International Settlements, and of the Swiss national bank, who said recently that "the fire alarm in the international monetary system can roll up their hoses."

The problems of indebted Third World countries were structural, said Dr. Carli, and the economic reform programme suggested to them by the International Monetary Fund, which simply amounted to cutting imports, created severe social and political tensions.

The military coup in Nigeria was due to the impossibility of importing enough resources to keep economic growth going, he said.

Economic recovery for these countries depended partly on the continuation of financial flows from the rich countries, yet these flows were often dependent on IMF conditions, on the rules of central banks in the leading countries and on the central banks' preparedness to help when debtor countries faced cash crises.

The buying-power of the indebted countries had to be maintained, Dr. Carli said, in order to consolidate the recovery in the world economy. A transfer of 1 per cent of the GDP of the OECD countries to developing countries amounted to \$70n a year. Was this an unrealistic objective, he asked?

Dr. Carli did however say he was now more optimistic than

pessimistic about prospects for the world economy, mainly because he thought the virtues of the market economy were, at least in part, being rediscovered. He feared, however, that the synchronisation of growth in the world economy could revive inflationary pressure.

Mr. James Callaghan, chairman of CIGNA International Holdings, agreed that the problems of indebted countries were structural rather than cyclical. The main Western countries expected the debt crisis to be solved by their own achievement of 3 per cent real annual growth for the rest of the decade; by patient and generous treatment of outstanding debts; and by borrower countries applying IMF remedies, which give priority to the repayment of international obligations.

But, he said, expectations of growth by the Western economies were for the most part over-optimistic. Even if they were not, their importers were unlikely to be of traditional products and raw materials but of high technology goods.

He proposed that loans be restructured to meet debtor countries' ability to repay them, and a loan guarantee fund be set up to "take out the banks at the end of the programme where countries, in spite of their own efforts, were still unable to repay any small portion of their debt." A political solution was needed now, he said.

Mr. Armed Koyunoglou, resident economist of International Mexican Bank, explained how Mexico had transformed its economy to be able to service its debts without undue delay and even promote and participate in the recent rescue package for Argentina. The remedy has been simply to impose an economic programme

that involved spending less and halving the budget deficit, and cutting imports by two-thirds in two years.

Mexico was able to do this because it had a "cohesive, consultative and flexible political system," and competent economic and financial managers prepared to face up to the problems and the need for radical measures.

But the problems had not been solved permanently. There had been three years of nil or negative growth, "the debt is still there and rising," and "there is a limit to the tolerance of any population." Creditors' countries were now giving more attention to countries less capable or willing than Mexico to make adjustments. Sacrifices had been somewhat one-sided, and a more radical approach in the debt problem is needed.

Dr. Umberto Agnelli, vice-chairman of Fiat, in a speech on what industrialists require of banks, said that European governments must have the courage to open up their financial markets to competing foreign banks, "helping instead of obstructing them as to the national banks of some European countries." This would make the banking system more efficient and would lower costs.

Mr. Christopher Johnson, group economic adviser to Lloyd's Bank, said the expected decline in the dollar in the next five years would be a severe test

of the European monetary system's ability to survive. "While the D-mark may rise by 25 per cent or more against the dollar in the next five years, the weaker EMS currencies will want in avoid an appreciation against the dollar and will thus require a depreciation against the dollar."

Financial convergence of industrialised countries with the West German rate is desirable and necessary, it would not bring about exchange rate stability. The real exchange rate of the Italian lire had risen by more than 20 per cent in the past five years, so if Italy reduced its inflation to the West German level the lire would have to be revalued.

Dr. Giovanni Magagnoli, economic adviser to the Bank of Italy, said the European currency unit had in the past five years passed the point of no return. But this was due partly to the efficient functioning of the EMS. The continued success of the EMS was necessary for the future of the ECU in non-government transactions.

This meant greater progress towards the co-ordination of economic policies in Europe. Count Albrecht Matschka, chairman of the Matschka Group of Companies, spoke of venture capital in West Germany. Mr. Patrick de Pelet, director of Kleinwort Benson, spoke of project finance. Professor Lucio Izzo, vice-president of the European Investment Bank, spoke of the EIB and its role in international capital markets.

FINANCIAL TIMES, UFFS No 10600 published daily except Sundays and holidays. U.S. subscription rates \$40.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 50th Street, New York, NY 10022.

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## COMMISSION DISPUTE DELAYS PROPOSALS

## Setback in EEC for lead-free petrol

BY PAUL CHEESERIGHT IN BRUSSELS

DIVISIONS WITHIN the European Commission will prevent the presentation of specific proposals for the introduction of lead-free petrol throughout the EEC.

The Council of Ministers last June gave general approval to the idea of eliminating the presence of lead in petrol and asked the Commission to come forward with proposals by Easter.

This deadline will be passed because the issue of lead-free petrol has become linked to the wider question of the standards which should be applied to car emissions. There are differences of approach between Viscount Etienne

Davignon, and Mr Karl Heinz Narjes, respectively the commissioners for industry and the environment.

The failure of the Commission to settle its own approach is a check to the hopes of Britain, the Netherlands and Denmark for a rapid Community solution to the issue. West Germany has decided that it will in any case move over to lead-free petrol from January 1986.

The differences in the Commission are also a blow to the European Bureau of Consumer Unions which yesterday called for a ministerial decision by the end of the year so that the start to bringing in lead-free

petrol could be made in 1986.

Although within the Commission there is no dispute about the need to eliminate lead from petrol, there are divisions about the level of pollutants which should be permitted from car exhausts. These pollutants are caused by carbon monoxide, hydrocarbons and nitrogen oxide.

Following on from this there is argument about the techniques which should be used to attain whatever standard is eventually laid down.

Those close to the discussions portray Viscount Davignon as adopting a more cautious approach, wishing for a gradual tightening of the limits leading

to the eventual introduction of the so-called clean-burn engine. Mr Narjes on the other hand is favouring the introduction of the best available technology as soon as possible, while not ruling out the eventual adoption of the cleanburn engine; the best technology is the catalytic converter.

The Commission's eventual proposals for lead-free petrol will be based on the work of a committee made up of representatives from the member states, the oil and motor industries and consumers. This committee has presented a range of options on the necessary octane levels for petrols but no definite choice.

## Workers back plan for Spanish steelworks

By David White in Madrid

A HARD-WON deal with the unions over cuts at the state-owned steel complex at Sagunto in eastern Spain has been approved by a two-thirds majority among the plant's employees.

The vote, which was completed late on Tuesday night at the second attempt, clears the way for the start of streamlining plans for the steel industry.

The referendum at the plant, which employs 4,000, was to have taken place last week but had to be postponed when groups of workers not on the permanent payroll broke ballot boxes. These workers, numbering 700, were excluded from the vote.

Hard-line sectors in the Communist Comisiones Obreras union and members of the anarchist CNT union opposed the plan which involves the creation of more than 2,000 new jobs to offset the impact of closures.

The pact provides for the closure of the main iron and steel casting installations next October. Final details of the labour cuts, which are to be partly achieved by early retirement, have still to be agreed between management and the works committee.

## Pressure mounts for shorter working week in Netherlands

BY WALTER ELLIS IN AMSTERDAM

DUTCH TRADE unions are uniting in their determination to enforce widespread acceptance of a shorter working week.

The CNV, the smaller of the union federations, yesterday called for a 36-hour standard working week by January 1 1986.

In return, workers should be prepared to give up indexed increases in their pay to which they are theoretically entitled under Dutch wage-price legislation.

Evidence that a reduction in the number of hours worked can yield jobs has come meanwhile in a statement from the Central Office of Statistics. Trades, which groups employers and unions in the Dutch printing industry.

Printers moved on to a 38-hour week on January 1 this year, and the effect so far has been to stabilise the total number of jobs—which had been falling steadily—at around 50,000.

The Central Office notes that abandonment of a 4 per cent indexed pay rise had brought about a positive 2.4 per cent

effect on jobs. Printers will move to a 36-hour week in 1986.

The larger FNV federation has formally supported such a progression since September. Both federations accept that workers must be prepared to make some financial sacrifices in order to safeguard the total number of jobs because of the recession and structural changes in employment.

The Centre-Right Government is supportive. It is negotiating shorter working weeks in the public sector and seeks to encourage employers generally to introduce a graduated reduction in hours worked.

Unemployment in the Netherlands currently affects some 850,000 workers, 18 or 19 per cent of the labour force, depending on definition. Neither Government, employers nor unions wish to see this figure rising to 1m, as has been forecast by the Central Planning Bureau, a state-sponsored research body.

## Curbs on Statoil's power drawn up

By Fay Gjester in Oslo

PROPOSALS FOR reducing the power and influence of Statoil, Norway's national oil company, have been worked out between Mr Kaare Willoch, the Prime Minister, and Ms Gro Harlem Brundtland, leader of the main opposition Labour Party. They will be submitted to Parliament tomorrow in the form of a White Paper.

In future, part of Statoil's gross income from each field will go directly to the Treasury, instead of being channelled via the company as taxes and dividends.

In addition, voting rules are to be changed in all licences to be changed in all licences to groups—except that on the Anglo-Norwegian Statfjord field, this will deprive Statoil of its automatic right to veto its partners' proposals on licences where it holds a stake of 50 per cent or more.

To exercise this veto, it will have to obtain the consent of the Oil Ministry.

The Conservative Party, which dominates the governing coalition, had originally planned wide changes in Statoil's status. However, it accepted that proposals agreed by all the main political parties would be in the national interest.

The solution agreed on will not give the state part ownership of Statoil's stakes in Norwegian offshore licences, as once proposed by the Conservatives. Also, the oil company will continue to be allocated at least 50 per cent of all new licences on Norway's shelf.

Nevertheless, both Mr Willoch and Ms Brundtland said they were very satisfied with the compromise. The Prime Minister described it as a milestone in Norway's oil history.

All Norwegian offshore oil and gas production could stop from midnight on April 24 if union and employers do not agree on new pay and conditions deal. The operator oil companies have ordered a lock-out from that date.

## Craxi for Budapest

Italian Prime Minister Bettino Craxi left for Budapest yesterday for two days of talks aimed at renewing a dialogue between East and West. Reuter reports from Rome. The visit is also seen as a step forward in Hungary's discreet diplomacy towards the West.

## Viscount Davignon, brilliant fixer, goes for the glittering prize

BY JOHN WYLES IN BRUSSELS

AN ABSORBING sideshow to the European Community's current attempts to relaunch itself and to settle the dispute over Britain's budget payments is the undeclared contest for the job of the next President of the European Commission. One candidate has been a star member of this Commission and its predecessor, and is regarded by some as the last and best hope to save it from a slow decline into political impotence.

He also has detractors, who see him as devious, lacking in vision and convictions, and a dubious force to be reckoned with. People strongly admire or strongly dislike Viscount Etienne Davignon; they are rarely indifferent to him.

His campaign to succeed M Gaston Thorn next January has never been formally declared because, like leaders of the Tory Party of old, Commission Presidents emerge. "Stevie" and his friends and allies are currently working hard to establish his name as the front runner in national capitals partly to discourage any inclination in Bonn, Rome, or perhaps even Paris, to nominate a candidate of their own.

This effort is labouring under the handicap that M Davignon will not be nominated by the Belgian Government, which put him in the Commission in 1977 and again in 1981.

The Belgian Government is reportedly ready to give its blessing to President Davignon but is committed to handing the post of Belgian Commissioner to a member of the Flemish political community—Mr Willy De Clercq, the present Finance Minister. So if M Davignon does not snatch the glittering prize for himself, he will not be in the next Commission at all.

His qualifications for the top job are legion. He knows the Commission and how to get the best out of its machinery, his intellect is of the best, his political grasp formidable, he is a superb negotiator and fixer of deals, decisive, politically courageous and an indefatigable workaholic.

He is hugely admired by many of the Community's top officials and politicians. As the Commissioner responsible for both industrial affairs and energy, he sets things down—he is the architect of the EEC's vitally important steel restructuring policy.

He masterminded and carried off the crucial steel trade agreement with the U.S. and negotiated the limitations on imports of Japanese videocassette recorders. He devised the blueprint, and then brought into being the Esprit programme for high technology research, co-operation between European

companies. Viscount Davignon is one of the few Commissioners capable of dominating a negotiation in the Council of Ministers. "The Commissioner must always be the most determined man in a council meeting," he once said.

But it is in this sphere that some of the strongest reservations about him can be found. Some say that he too often wants an agreement at any price; that he mortgages the future for short-term gain, that his methods fall short of the normal definition of scrupulous and that he is too secretive and cannot delegate.

"I think Stevie would be a very dangerous Commission President because he does not actually believe in anything," said one very senior official who works closely with the Commission and has observed Viscount Davignon at close quarters.

A further disadvantage in some people's eyes is that he has never been elected to any office. His early career was spent in the Belgian Foreign Ministry. From there he went to the International Energy Agency and then to the Commission.

When President Valéry Giscard d'Estaing tried to run him as rival candidate to M. Thorn in 1980, Mrs Thatcher is said to have backed the Luxembourg precisely because he



"Stevie" for President, say the Belgian Commissioner's allies.

was a politician and M Davignon never had been.

The Heads of Government are due to make their choice at the next summit in June. The conventional wisdom still has it that if Chancellor Helmut Kohl can find a credible candidate then West Germany will capture the top job.

Denmark is already running Mr Henning Christophersen, its Finance Minister. At this stage, no-one should put his shirt on Viscount Davignon, but he looks a good speculative bet.

## Gibraltar lure

Gibraltar is seeking to attract investment companies and offshore funds by reducing the registration fee for tax exempt status to £200, writes our Gibraltar correspondent.

It is also abolishing the requirement for a qualifying company to deduct tax at 2 per cent from any interest payable by it to a non-resident. Small-scale development is being encouraged by halving the qualifying ceiling for development aid to £75,000.

## Austrian vote

The two Austrian government parties suffered a setback in nationwide elections to the labour chambers in which all blue-collar workers are represented, writes Patrick Blum in Vienna.

The Socialists won 500 seats, 34 seats down, the Liberals 13, down seven. The opposition People's Party won 319 seats, up 67.

## Polish ministry presses for further devaluation

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S Foreign Trade Ministry, which is struggling to counter falling sales of manufactured goods, is pressing for a further devaluation of the zloty following a 12 per cent drop in its value at the beginning of March.

Mr Tadeusz Nestorowicz, the Trade Minister, complained at a top-level government meeting on Tuesday that recent increases in the price of domestic raw materials have already cancelled out the benefits to exporters of the March devaluation.

The meeting chaired by Mr Janusz Obodowski, a Deputy Premier, was held to assess trade results in the first three months which saw hard currency exports rise by 11.3 per cent to \$1.3bn compared to the same period last year.

The increase comes mainly from higher hard currency

exports of coal and copper. The low zloty exchange rate providing little incentive to exporters helps to explain weak sales of manufactured goods.

John Wicks adds from Zurich: "Considerable progress" was made at the talks in Zurich this week between representatives of Poland's Ministry of Finance and some 500 Western banks.

The two sides showed their "serious intentions" to agree a further debt consolidation programme, said the bank's working party. Further talks are to be held later this month in Poland.

The new programme is intended to consolidate debt maturing in 1984-87. Poland is also interested in extending 1981-85 trade related facilities, and is understood to be asking for new credits.



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## OVERSEAS NEWS

## Iran says Hormuz to stay open unless all oil exports blocked

BY ROBERT COTTRELL IN TOKYO

JAPAN HAS been reassured over the possibility that the Gulf's Strait of Hormuz might be blocked by Iran in its war with Iraq.

Mr Shintaro Abe, the Japanese Foreign Minister, raised the issue with Dr Ali Akbar Velayati, the visiting Iranian Foreign Minister, and said yesterday that he was told that Iran "will not close the Strait of Hormuz unless Iran's oil exports are totally impeded."

Mr Abe said he had also asked for free navigation through the straits to be secured for Iraq, whose three-year war with Iran sparked fears that the Straits—the major channel for Gulf oil exports—could be closed.

Mr Abe also raised—though without any apparent concrete results—the future of the US\$3bn petrochemical plant begun by Japanese firms at Bandar Khomeini on Iran's gulf coast. The plant has been stalled by the war. Mr Abe said Iran and Japan are agreed that the project should be completed, but only when conditions are safe for a workforce.

Mr Abe said he offered to co-operate with Iran in improving drainage and public transport in Tehran, and an increase in funding for Iranian

students and technicians to study in Japan.

Mr Susumu Nakai, a close associate of Mr Kakuei Tanaka, the disgraced former Prime Minister of Japan, was yesterday appointed vice-president of the ruling Liberal Democratic Party. The appointment was made by Mr Yasuhiro Nakasone, the party's president and thus prime minister.

The appointment is being read as a sign that Mr Nakasone needs Mr Tanaka's political support in the LDP presidential elections due to be held in autumn this year. Mr Tanaka's supporters constitute the largest "faction," or clique, within the LDP, and Mr Tanaka is regarded as the party's kingmaker.

Convicted last October of taking bribes from Lockheed, the aircraft maker, Mr Tanaka is currently appealing a four-year jail sentence.

The appointment of Mr Nakai, former prime minister and leader of a rival LDP faction, yesterday called Mr Nakasone's move "inexplicable."

Employers in key Japanese industries opened their annual pay negotiations yesterday by offering rises of 3 to 5 per cent, union spokesmen said.

## South African Premier to visit Europe for talks on Namibia

BY MICHAEL HOLMAN

The South African Prime Minister, Mr P. W. Botha, will visit West Germany later this year in his first trip to Europe since taking office in 1978.

Although the visit, at the invitation of the West German Chancellor, Herr Helmut Kohl, has not been confirmed by the South African Government, an official announcement was made in Bonn yesterday. There is also speculation that Mr Botha may visit other European countries, including Portugal, and break his outward journey in the Zambian capital, Lusaka.

A stop in London, however, is regarded as unlikely, although the journey is seen here as evidence of a significant thaw in relations between European governments and Pretoria in the wake of the signing of the non-aggression pact last month between South Africa and Mozambique.

Officials at State House, Lusaka, had no comment to make on speculation that Mr Botha might meet President Kaunda, but earlier this year the Zambian leader offered to host a conference to discuss southern African issues.

Among the subjects likely to be raised in the talks with Chancellor Kohl is progress towards a settlement in Namibia (South West Africa). There are well-established historical ties between West Germany and Namibia, many of whose white residents are German-speaking.

A visit to Lisbon would give Mr Botha an opportunity to dis-

cuss South Africa's relations with Mozambique and Angola, both former Portuguese colonies for whom Lisbon has on occasion acted as an intermediary with Pretoria. The presence of more than 20,000 Cuban troops in Angola is a major stumbling block in the negotiations for Namibian settlement. South Africa has demanded their withdrawal as a precondition to the implementation of the UN peace plan.

Mr Botha is due to arrive in Bonn on June 5. His only previous journey outside South Africa as Prime Minister was to Taiwan in October 1981. But as Minister of Defence under the former South African Premier, Mr John Vorster, Mr Botha travelled frequently to Europe and the U.S.

## India's dockers return to work

BY K. K. SHARMA IN NEW DELHI

DOCKWORKERS in India's 10 major ports started returning to work yesterday on being told by their trade union leaders that their 26-day-old strike had been called off after talks on their wage demands ended successfully on Tuesday night.

Operations in the 10 ports were paralysed during the strike, the longest of its kind in India, but officials said yesterday that normal working should be resumed by the end of the week. During the strike, a total of 300,000 dockworkers refused to work.

As officials heaved a sigh of relief that the strike had passed off without any major shortages of goods, an assessment was under way on the losses to the country because of delayed shipments of cargo.

## Fresh wave of opposition to Zia in Pakistan

By John Elliott in Karachi

STUDENTS and right wing Muslim political organisations in Pakistan are spearheading a fresh bout of opposition to the country's martial law regime of President Zia-ul-Haq.

President Zia said earlier this week that he was considering holding a referendum during the coming year instead of full elections, and this seems set to give a further impetus to the protests that are now taking place. At least one major religious leader is discussing mounting an "armed struggle" against him.

Police broke up a public demonstration with tear gas in Karachi earlier this week after left-wing engineering students had sentenced President Zia to be hanged and then to be flogged when dead.

It was one of a series of demonstrations staged by left-wing and right-wing students. They are protesting at the banning of student unions two months ago by President Zia who is opposed to collective organisations.

They claim 1,000 students have been arrested across the country and that in Karachi they have destroyed over 200 buses.

In the north eastern university of Lahore there was a bomb blast yesterday following an armed raid on Islamic students' offices, and on Monday the Vice-Chancellor's house was set on fire by students.

The ban has pushed the Islamic Jamiat Tuleba (IJT) right wing Islamic students' body into opposition to President Zia for the first time.

Similarly Islamic political parties and religious groupings which up to now have either supported or tolerated President Zia's regime have come out in opposition to his continued martial rule. They are disillusioned with progress, he has made with introduction of Islamic laws and they fear their power will be greatly diminished if he does not include them in his plans for some form of electoral process.

Most of these groups played no part in last year's opposition to President Zia run by the Movement for the Restoration of Democracy whose violent disturbances petered out after three months last November.

There is no immediate new threat to President Zia's regime but the latest outbreak of opposition indicates fresh political instability. Maulana Muhammad Noorani, President of the Jamiat Ulama-i-Pakistan (JUP), which was split last year over opposition to President Zia, is now calling all political parties to a conference next month to unite secular and Islamic parties in a call for restoration of the country's 1973 democratic constitution. Maulana Noorani said in Karachi last night that this should go further than last autumn's disturbances and could include "armed struggle" against martial law.

AM secular and Islamic parties are now discussing the need to line up in an attempt to force full parliamentary elections, although it seems unlikely that they would all be prepared to form an election pact. They want to stop President Zia holding point-by-point elections with Government-selected candidates.

Prof Yuvraj Neuman, Minister for Science and Development, is chairman of the ministerial committee which, jointly with the World Zionist Organisation, approved six new settlements this week.

Prof Neuman is the leader of the Tehiya Party, which has the annexation of the West Bank and Israeli sovereignty over all the "biblical lands of Israel" as its declared party platform. Tehiya won three seats in the last election and joined the coalition under Mr Menachem Begin's leadership.

Last week, the ministerial committee approved the establishment of another two West Bank settlements and improved the status of a third. It is understood that further announcements of new settlements can be expected soon.

MR CESAR VIRATA, Philippines Prime Minister, is to visit Washington next week for a further round of talks on Manila's application for a \$500m credit from the International Monetary Fund.

Agreement with the IMF is crucial to the Philippines efforts to reschedule part of its \$25bn foreign debt, though a

## Sri Lankan minister to visit India as tension rises

By Mervyn de Silva

MR LALITH Athulathudum-Ali, Sri Lanka's new Minister for National Security, is expected to visit India this week for emergency talks in the wake of renewed racial violence in the north of the island.

There are growing fears in Colombo of intervention in support of the island's Tamil from the southern Indian state of Tamil Nadu, where secessionist Tamil rebels have found sanctuary. The recent troubles have led to rapidly deteriorating relations between the two countries.

The creation of the National Security portfolio reflects the mood in Colombo, where Bangladesh and Cyprus scenarios are now part of every day conversation. Mr Athulathudum-Ali will take up with Mrs Indira Gandhi, the Indian Prime Minister, Press reports that up to 3,000 Sri Lankan Tamil militants are being trained in guerrilla warfare in Tamil Nadu. New Delhi has repeatedly denied that training camps exist.

One soldier was recently killed and several others critically injured in the North of Sri Lanka in an ambush of the type which provoked the anti-Tamil riots last July. At least 400 Tamils were killed in the riots and enormous economic damage was caused. Since then, discontent in the north, fuelled by Sinhalese, has grown.

Sri Lanka's economic troubles have been eased by the boom in tea prices following India's ban on tea exports, but a strike by tea plantation workers demanding higher wages has helped intensify anti-Tamil and anti-Indian feeling.

Indian hostility, on the other hand, is being sharpened by its suspicion of a Sri Lankan "tilt" to Washington.

Indian MPs and the Sri Lankan opposition claim that a plan to rebuild oil storage tanks in the port of Trincomalee is aimed at providing a supply depot for the U.S. navy.

Plans for more West Bank settlements

By Lynne Richardson in Tel Aviv

THE ISRAELI Government has decided to approve plans for new settlements on the occupied West Bank and other areas in advance of the July elections. This is seen as a move to strengthen the appeal of the ruling Likud bloc to the expansionist sector of the electorate.

Prof Yuvraj Neuman, Minister for Science and Development, is chairman of the ministerial committee which, jointly with the World Zionist Organisation, approved six new settlements this week.

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## Peking propaganda chief resigns post

BY MARK BAKER IN PEKING

THE POWERFUL propaganda chief of the Chinese Communist Party has resigned, a move that diplomats believe has strengthened the hand of Deng Xiaoping, the Chinese leader, and the moderate leadership close to him.

Deng Liqun quit last week as head of the propaganda department of the party's Central Committee, diplomats said, but retained his seat on the nine-member party secretariat by resigning in anticipation of the mounting opposition to him within the party over his handling of last year's national campaign against "spiritual pollution."

Deng Liqun spearheaded the campaign, which began last September with criticism of unorthodox views among party theoreticians but blossomed quickly into nationwide attacks on literary and artistic "freedom" and "western-style" behaviour.

This campaign was brought to an early end by January on the orders of Deng Xiaoping when it became obvious that petty harassment was damaging China's image overseas and threatening the policy of closer economic contacts with the West.

The ending of the campaign is interpreted by Western diplomats in the leadership who argue that China should moderate struggles over ideology and concentrate on economic development and the building of contacts with the outside world.

Hong Kong talks resume

BY OUR PEKING CORRESPONDENT

CHINA and Britain began a fresh round of negotiations on Hong Kong's future yesterday with proceedings overshadowed by next week's visit to Peking by Sir Geoffrey Howe, the British Foreign Secretary.

Indications of progress in recent rounds of talks have increased expectations that Sir Geoffrey's visit will mark a key stage in resolving the Hong Kong question.

Sir Geoffrey, who is to meet the most senior Chinese leaders, including Deng Xiaoping, is expected to make a major statement about the course of the negotiations at a Press conference in Hong Kong scheduled for Good Friday.

It is considered likely that at least one major statement about the timetable for an agreement with China, which the Chinese have insisted must come no later than September.

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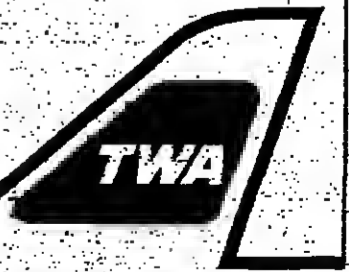
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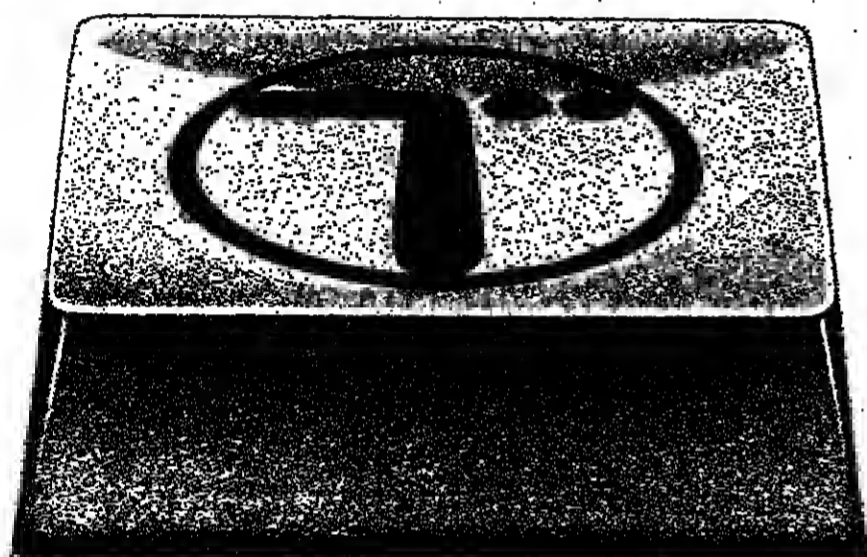
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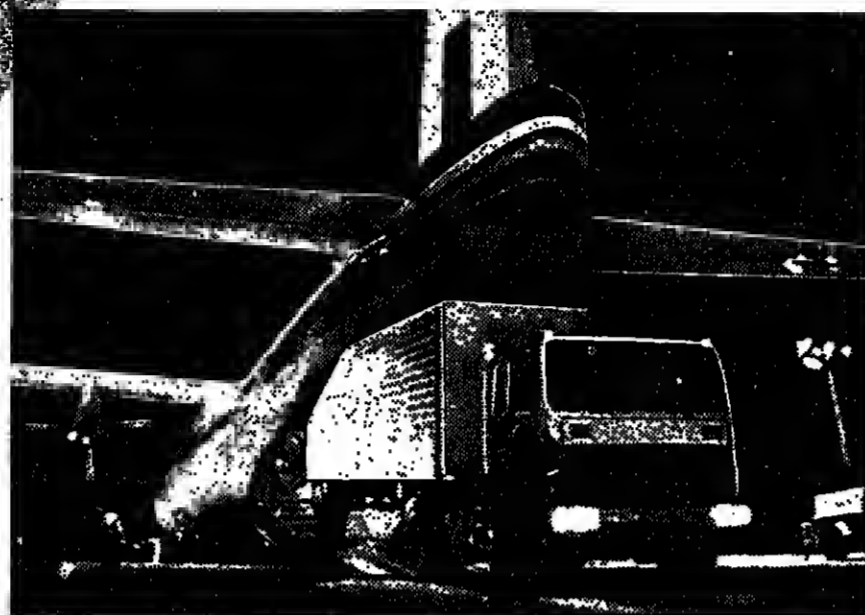


## In emergency -press!

A fire brigade's central control unit can now fully mobilise outlying stations at the touch of a single button.

With our microprocessor-controlled Solent alarm system everything can happen automatically – from radio-paging individual crewmembers to stopping the traffic outside the station.

So far sixteen British brigades have ordered Solent and its life-saving potential is already attracting export interest.



## How we cut red tape

Today, 90% of the air cargo arriving in the UK is handled through ACP 80, a sophisticated computerised system designed and managed by British Telecom.

Some 900 ACP 80 terminals link HM Customs with 450 airline and freight agent users. The system automatically controls and monitors all the complex import/export procedures – from customs clearance (upwards of 10,000 waybills every day), to the collation of essential statistics.

Cargonet – a complementary system – effectively automates documentation and other routine procedures for freight agents.



## Continued Expansion

In the half year ending September 1983 British Telecom expansion continued:

- exchange connections were up 3% to 19.7 million
- local calls were up 5.1% to 9,172 million
- trunk calls were up 8.5% to 1,924 million
- international calls were up 13.2% to more than 178 million

## Lightlines – good for business

Britain and British Telecom lead the world in the design, development and practical application of fibre optic technology – *Lightlines*.

By 1985 *Lightlines* will form 60% of our trunk system. They are far lighter and less bulky than ordinary cables. Messages passing along *Lightlines* can need boosting only every 30km – instead of 2km.

*Lightlines* reduce costs, boost quality, reliability and productivity. That's good for business – Britain's and British Telecom's.



## BT make it in Britain

New to the *phone* range – Slimtel, the first telephone designed and manufactured by British Telecom. The many advanced features of the lightweight, one-piece Slimtel include engaged number redial at the touch of a button.

Available in some areas now, everywhere soon, for just £29.95.

In a highly competitive market BT – and Britain – compete!

## NEXT:

Help at the touch of a button.  
London's first earth station.  
Instant stock control.  
And more.



British

**TELECOM**

The power behind the button.

## COMPANY NOTICES

## CORRECTION NOTICE

## PETROLEOS MEXICANOS

US\$125,000,000 Floating Rate Notes 1991  
For six months

In accordance with the provision of the notes notice is hereby given that the rate of interest has been fixed at 11 1/2% per annum. Interest payable October 11th 1984 against Coupon No. 7 will be US\$289.11 against US\$5,000 note by Chemical Bank London (Agent Bank).

NOTICE IS HEREBY GIVEN THAT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF PETROLEOS MEXICANOS S.A. DE C.V. will be held on Thursday, 26th April 1984, at 10.00 a.m. to consider the following agenda:

1. Report of the Board of Directors and of the Auditors on the Company's activities during the financial year 1983.
  2. Balance Sheet and Profit and Loss Account for the financial year 1983 and Appropriation of Profits.
  3. Discharge to the Board of Directors and Auditors.
  4. Statutory appointments. Endorsements.
- Shareholders wishing to attend or to be represented at the meeting must comply with the provisions of the Company's Articles of Association and the Regulations for the Shareholders' Meeting. Shareholders must deposit their shares with the Company's Registrar, Messrs. J. & J. Morgan & Co., 110-114 Cannon Street, London EC4A 3DF, on or before 23rd April 1984.

BY ORDER OF THE BOARD

## COMPAGNIE DE SAINT-GOBAIN

ISSUE OF YTTRES PARTICIPATIFS—SCU 100,000,000 WITH WARRANTS

Y.M.O.E. application for the period of 1984 is 11 1/2% per cent. It will index for the period 1985 to 1989 at 11.3875 per cent.

The coupon payable on August 10, 1984 will be £25.28 per cent per share of £100.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN FUJITEC CO LTD

We are pleased to confirm that copies of the Business Report for 1983 and the Consolidated Financial Statement, both for the year ended September 30, 1983, of Fujitec Co., Ltd., are now available at the offices of the Depository, Citibank N.A., 336 Strand, London WC2R 1HS and the Agent, Citibank (Luxembourg) S.A., 18 Avenue Marie Thérèse, Luxembourg.

CITIBANK, N.A. London, Depository  
April 12, 1984

BLUE BELL INC.

US\$20,000,000

The annual report and accounts of Blue Bell Inc. for the year ended 30th September 1983 will be available for inspection at the offices of Messrs. Furness & Co., 100, Broad Street, London EC2M 1LH, during the usual business hours on any weekday. Shareholders entitled until 30th April 1984.



SOCIÉTÉ BANCAIRE D'AMÉRIQUE DU SUD (S.A.)

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE COMPANY will be held on Monday, 23rd April 1984, at 11 a.m. at the Registered Office of the Company, 100, Broad Street, London EC2M 1LH.

1. To receive the Report of the Board of Directors and of the Auditors on the Company's activities during the financial year 1983.
2. To approve the Balance Sheet, Profit and Loss Account and the Appropriation of Profits for the year ended 31st December 1983.
3. To give discharge to the Directors and to the Auditors.
4. To elect Directors and "Commissaires".

NOTICE OF MEETING

THE ANNUAL GENERAL MEETING OF THE COMPANY will be held on Monday, 23rd April 1984, at 11 a.m. at the Registered Office of the Company, 100, Broad Street, London EC2M 1LH.

1. Minutes of the Annual General Meeting held on 22nd March 1983.
2. To receive the Report of the Board of Directors and of the Auditors on the Company's activities during the financial year 1983.
3. To approve the Balance Sheet, Profit and Loss Account and the Appropriation of Profits for the year ended 31st December 1983.
4. To elect Directors and "Commissaires".

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN YAMAICHI SECURITIES CO. LTD

We are pleased to confirm that copies of the Business Report for the year ended September 30, 1983 of Yamaiichi Securities Co., Ltd., are now available at the offices of the Depository, Citibank N.A., 336 Strand, London WC2R 1HS and the Agent, Citibank (Luxembourg) S.A., 18 Avenue Marie Thérèse, Luxembourg.

CITIBANK, N.A. London, Depository  
April 12, 1984

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CITIBANK, N.A. London, Depository  
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CITIBANK, N.A. London, Depository  
April 12, 1984

ORION ROYAL BANK

## AMERICAN NEWS

## Mondale takes big step toward nomination

By Our U.S. Editor in Washington

**FORMER VICE-PRESIDENT** Walter Mondale has taken another big stride towards the Democratic Presidential nomination with a clear-cut victory over his main rival, Senator Gary Hart of Colorado, in Tuesday's important Pennsylvania primary.

With 97 per cent of the vote counted, Mr Mondale was the presidential choice of 47 per cent of the state's Democratic voters, against only 35 per cent for Mr Hart and 17 per cent for the Rev Jesse Jackson.

Mr Jackson, however, continued his strong showing among black voters to carry Philadelphia, his first win in a major city.

Mr Mondale's convincing victory put him well over the halfway mark in the race for delegates at July's national convention in San Francisco, which officially nominates the party's presidential candidate.

He has now won 11 states, and lost only three to Mr Hart, in the past three weeks.

The latest unofficial count, with the Pennsylvania returns still incomplete, showed Mr Mondale with at least 1,069 of the 1,967 delegates needed to win the nomination. Mr Hart was trailing with 568, Mr Jackson had 151, and neither 233 were uncommitted.

Mr Hart, though clearly shaken by his defeat in the nation's fourth largest state, told cheering supporters that he would still "win the nomination and the presidency."

But his declared aim of clinching victory in the final round of primaries on June 5 was beginning to look almost mathematically impossible, given Mr Mondale's delegate lead.

A supremely confident Mr Mondale said that his Pennsylvania victory was "a very big step forward, which would help him gain momentum towards the nomination and then the White House, he said it gave him "a chance, just a chance" of securing the nomination before the convention.

Mr Hart's supporters were clearly aware that he will have to work hard to rebuild his candidacy following his third straight defeat in a major industrial state, after losing Illinois and New York. Many "Reaganite" voters told exit pollsters that they were confused about Mr Hart's "new ideas" and thought that he was too concerned with his image.

## Reagan support for rebels suffers setback

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

**PRESIDENT Ronald Reagan's** controversial covert support for the right-wing "Contra" rebels fighting the Sandinista Government in Nicaragua was in deep trouble yesterday after a rebellion against his Central American policies in the Republican Senate.

Republicans deserted Mr Reagan en masse in Tuesday night's overwhelming 94-12 vote denouncing U.S. involvement in the mining of Nicaraguan harbours.

The resolution put the Senate on record as opposing the use of American funds to "plan, direct, execute or support the mining of the territorial waters of Nicaragua."

Immediately after the vote, Mr Reagan attacked "the hysteria raised about this whole thing" and said: "We are not going to war." As the Senate resolution was non-binding, "I can live with it," he said.

U.S. officials said the intelligence ship that had supervised the mining had now left its station off Nicaragua's Pacific coast, after directing one more mine-laying operation.

It seemed likely that there would now be at least a pause in the mining, although officials warned that it might soon be resumed.

The Senate vote will increase the determination of the Democrat-controlled House of Representatives to kill Mr Reagan's latest request for another \$21m in aid to the rebels, which was approved by the Senate last week before full details of the mining became known.

Senator Edward Kennedy, who proposed the amendment condemning the mining, said he would soon offer a binding measure, which it would be "very difficult" for the Senate to reject.

Some policy analysts yesterday believed that any further funds granted to Mr Reagan for Nicaraguan operations would have to be used to wind down the rebels' overall military activities, as well as the mining. The seriousness of Mr



Kennedy proposed amendment

Reagan's Senate setback was underlined by the revolt of Mr Howard Baker, the Senate majority leader and a staunch administration loyalist, who voted against the mining along with the Right-wing Senator Barry Goldwater of Arizona.

Mr Goldwater, the Chairman of the Senate Intelligence Committee, condemned the mining in an extraordinary letter to Mr William Casey, director of the Central Intelligence Agency, in which he said that he was "reluctant" to support it.

Denouncing the mining as an act of war, Mr Goldwater said that "for the life of me, I don't see how we are going to explain it."

Congressional concern over the mining has mounted sharply in the last few days, with a series of disclosures of CIA involvement in the operations.

The outrage on Capitol Hill was further fuelled by the Administration's announcement at the weekend that it would not accept world court jurisdiction for a case brought against the U.S.A. by Nicaragua on the mining, which most Democrats believe to be illegal.

The Washington Post reported yesterday that the decision to place the harbours under international jurisdiction was originally approved by Mr Reagan on the recommendation of Mr Robert McFarlane, his

national security adviser, and the Pentagon, despite "very profound misgivings" expressed by Mr George Shultz, secretary of State, after the operation was underway.

AP was added: Mr Daniel Ortega, co-ordinator of the Sandinista Government, has praised the U.S. Senate for opposing the mining of Nicaragua's ports by U.S.-backed rebels.

He thanked members of Congress for their opposition to the "undeclared war by the U.S. against Nicaragua."

"We believe that the chapter on the mining of our ports has not been closed since it is only part of the chain of aggressions by the U.S. Administration against our country," he said.

The General in Managua writes: Dr Cesar Delgado, the head of the Nicaraguan ports authority, said yesterday, that "despite the attacks, the port of Corinto has continued functioning and trade has been practically normal."

Editorial comment, Page 22; Reagan's clash with Congress, Page 23

## Salvador Right fails to agree poll alliance

BY ROBERT GRAHAM IN SAN SALVADOR

**EFFORTS in El Salvador** to bring the extreme Right-wing candidate, Major Roberto D'Ambois, in the second round of the presidential elections on May 2 have failed.

There is now little chance of a broad alliance of the Right being formed to fight the Centrist Christian Democrat candidate Sr Jose Napoleon Duarte.

Sr Duarte emerged from the first round on March 25 with 45 per cent of the vote, just short of the clear majority necessary to avoid a run-off. A

united front of the right-wing Major D'Ambois's extreme Right-wing Nationalist Republican Alliance (Arena) was seen as the best way of preventing a Duarte victory.

Major D'Ambois, whose name has been frequently linked with the Right-wing death squads in El Salvador, obtained 29 per cent of the vote. His performance, coupled with the controversial nature of his career and character, caused serious reservations on the Right about backing Major D'Ambois in the second round. This led to proposals to

substitute him via an amendment of the electoral law.

The amendment, due for discussion in the national assembly this week, would permit electoral alliances in the second round which were not operative in the first, and also permit a change in the candidate.

The proposal was based on an alliance between Arena and the conservative National Conciliation Party (PCN), headed by Sr Francisco Jose Guzman. The combined vote in the first round was 45 per cent.

This amendment is now likely to have only cursory discussion

and not become law due to objections by the military establishment and some PCN reservations.

Major D'Ambois was reportedly seeking to many concessions, including, according to some reports, the defence portfolio in a future government.

The PCN leadership decided an open alliance with Arena would be too risky, even though it stood the chance of electing the winning presidential candidate. Most of the PCN vote, however, is expected to go to Major D'Ambois in the second round.

## Brazil cuts cost of Carajas iron ore project

BY ANDREW WHITLEY IN RIO DE JANEIRO

**BRAZIL's state-owned** mining industry, Cia Vale do Rio Doce (CVRD), has reduced the estimated final cost of its Carajas iron ore project, the biggest in the world, by 20 per cent, saving \$600m (£443m) on its original calculations.

The iron ore mines, in the south-east Amazon region, are expected to begin production in July 1986. At full capacity two years later, Carajas will produce 3.6m tonnes a year of high-grade ore for export to Western Europe, Japan and the U.S.

CVRD said yesterday that its latest cost estimates—to be presented next week to the World

Bank and KfW, the West German state-owned foreign investment bank—would show a reduction in total costs, including working capital and loan interest, from \$4.5bn to near \$3.9bn.

The investment is now calculated at \$3.9bn, down from the figure of \$4.5bn approved by the World Bank at the end of 1981. The World Bank has lent CVRD \$304m for the project, and provided technical assistance.

Sr Samir Zwick, CVRD's finance director, said the dollar-denominated budget had been

reduced through a combination of factors—the devaluation of the cruzeiro over the past 15 months, design simplifications, infra-structure cost savings, and the "highly competitive" offers it had received from Brazilian equipment suppliers and contractors.

An immediate consequence of the reduced budget figure is that CVRD will not need to raise as much as the original \$4.5bn in foreign loans. It has already raised \$1.5bn in international bonds.

"We probably won't use half

of the \$4.5bn we originally planned to raise," Sr Zwick said. CVRD has so far drawn down only \$70m from the Community's credit line.

Similar savings in the mining company's operating costs do not expect to proceed with its planned second bond issue, the \$1.5bn in foreign loans.

At the end of March the Carajas project—the largest iron ore project in the world—was expected to be completed by 1986.

## Third major reshuffle in Bolivia Cabinet

**BOLIVIAN President Sr Hernan Siles Zuazo** has announced the third major Cabinet reshuffle in his 17 months in office, Reuters reports from La Paz.

Sr Siles brought the movement of the Revolutionary Left (MIR) back into the ruling coalition and repeated a pledge to introduce a severe emergency economic plan.

The MIR, a member of President Siles' Left-wing coalition until it withdrew in January last year over policy disagreements, was given four portfolios out of 18 in the reshuffle.

Three independents were named ministers and 10 members of the old Cabinet were re-appointed. All were sworn in by President Siles, who renewed a pledge to curb inflation through a devaluation, an end to subsidies for food prices and public utility tariffs and a reduction of the budget deficit.

## Peru President appoints new prime minister

BY DOREEN GILLESPIE IN LIMA

**PERU'S President** Fernando Terry has appointed a new Cabinet to be headed by Sr Sandro Mariategui, as Prime Minister and Minister of Foreign Affairs, following the resignation of the entire Cabinet of the entire

or Fernando Schirch, the former Prime Minister, said he resigned to leave the President free to name a new team to carry out planned changes in economic policy.

His resignation followed the departure of Sr Carlos Rodriguez Pastor, Finance Minister, in mid-March. Since President Belaunde took office in 1982, however, the Cabinet does not include members of the Government's political ally, the Popular Christian Party.

The three new ministers are Congressman Valentin Paniagua, Minister of Education; Sr Mar Arías Schirch, Minister of Justice; and Sr Alvaro Becerra Sotero, Minister of Industry.

Central Bank President Richard Webb's proposals for stabilised exchange rates and limitations on imports but this has not been confirmed.

The new Prime Minister, who is a staunch party man who was president of the Senate in 1982, and Finance Minister during Sr Belaunde's previous government.

He was imprisoned for two years under the military regime which ousted Sr Belaunde in 1968.

All government party ministers have been ratified in their posts for the first time since President Belaunde took office in 1982. However, the Cabinet does not include members of the Government's political ally, the Popular Christian Party.

The three new ministers are Congressman Valentin Paniagua, Minister of Education; Sr Mar Arías Schirch, Minister of Justice; and Sr Alvaro Becerra Sotero, Minister of Industry.

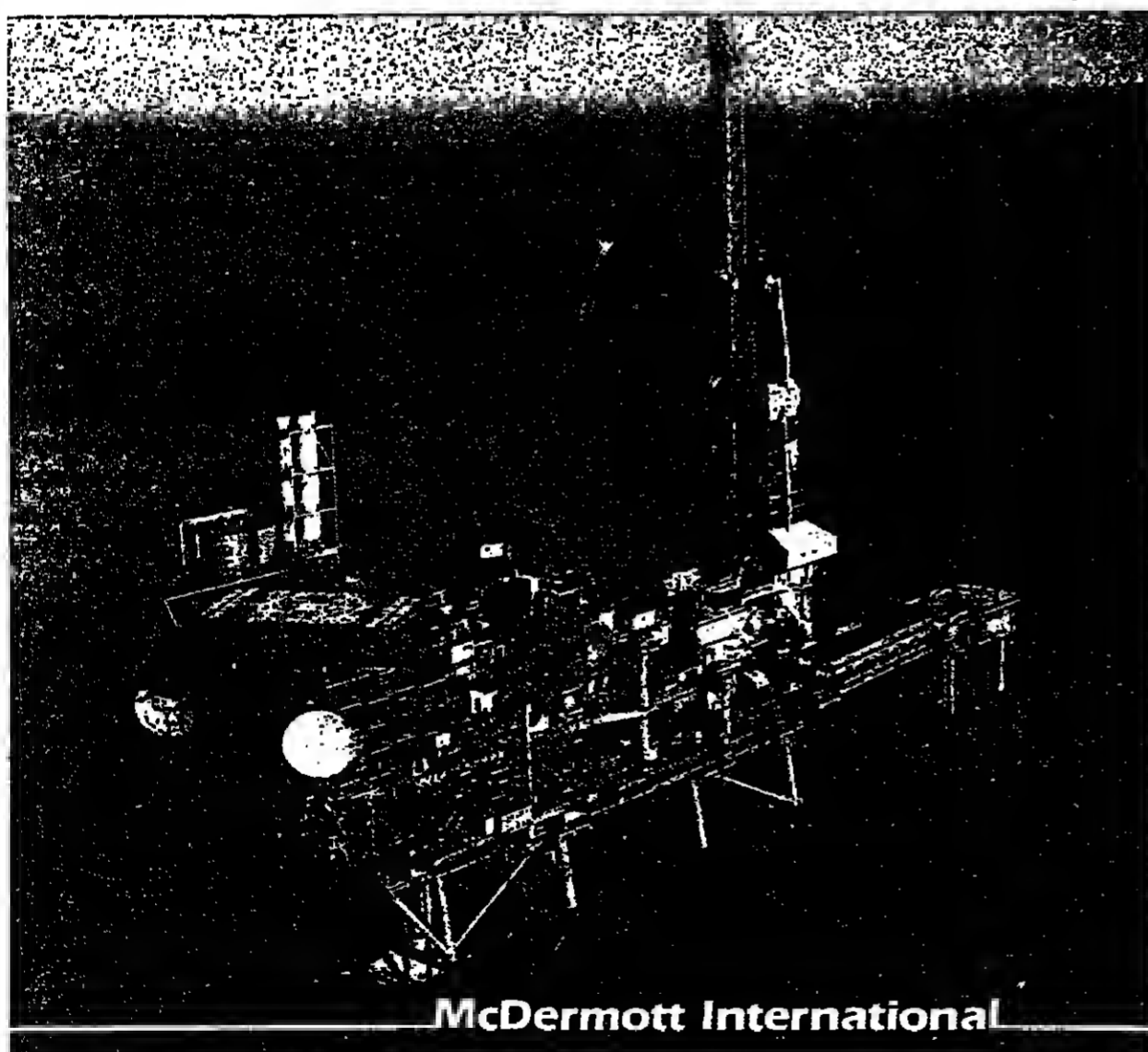
The group has identified some 60 companies which it believes must recover if the private sector is to play an important part in re-establishing growth at a time when public spending has been severely curtailed.

The government is committed to reducing the public sector deficit as a proportion of gross domestic product from nearly 20 per cent in 1982 to 5.5 per cent by the end of this year.

Last year, GDP fell by a record 4.7 per cent, after a 6.5 per cent drop in 1982. Manufacturing activity fell 7.2 per cent, mining output 2.3 per cent, and construction by 14.3 per cent.

Private investment has fallen 45 per cent over the past two years while government has been reducing its spending in line with the agreement with the International Monetary Fund.

The unusual lack of publicity accompanying what is regarded as a major initiative to help restore the private sector's battered confidence is attributed to government sensitivity to claims that it is giving privileged treatment to private business.



## McDermott International

**In the offshore engineering business, there's no substitute for experience.**

The more experience a company has designing offshore structures, the better it is at meeting the challenges of each new job.

Nowhere does this offshore experience count more than in the harsh environment of the North Sea. When Shell U.K. Exploration and Production found oil on block 30/16, the Fulmar Field, it was McDermott's bid for the conceptual design and detailed engineering of Fulmar's platform that was successful.

In a project that took five years and as many as 300 engineers, McDermott Engineering designed the substructure, deck, and topside facilities that now produce over 100,000 barrels of oil per day.

Millions of engineering manhours, spanning more than 30 years, add up to the experience that enabled McDermott to design this project

and thousands of others around the world. From single discipline work to major turnkey projects, McDermott has the ability to do the job right, on time and on budget.

Let us put our experience to work for you. For more information contact: McDermott Engineering London, McDermott House, 140 Wembley Park Drive, Wembley, Middlesex HA9 8JD, Phone: 01-903-1333 Telex: 8811318 or 8811319

McDermott Aberdeen, 103 Union Street, Aberdeen AB1 2BD Phone: 0224-572 6291/50356 Telex: 739418

McDermott Norge, P.O. Box 325, N-1301 Sandvika, Norway Phone: 02-54-52-64, Telex: 19527

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Photograph courtesy of Shell.

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March 1984



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US\$19,000,000

11 Percent Notes due 1992

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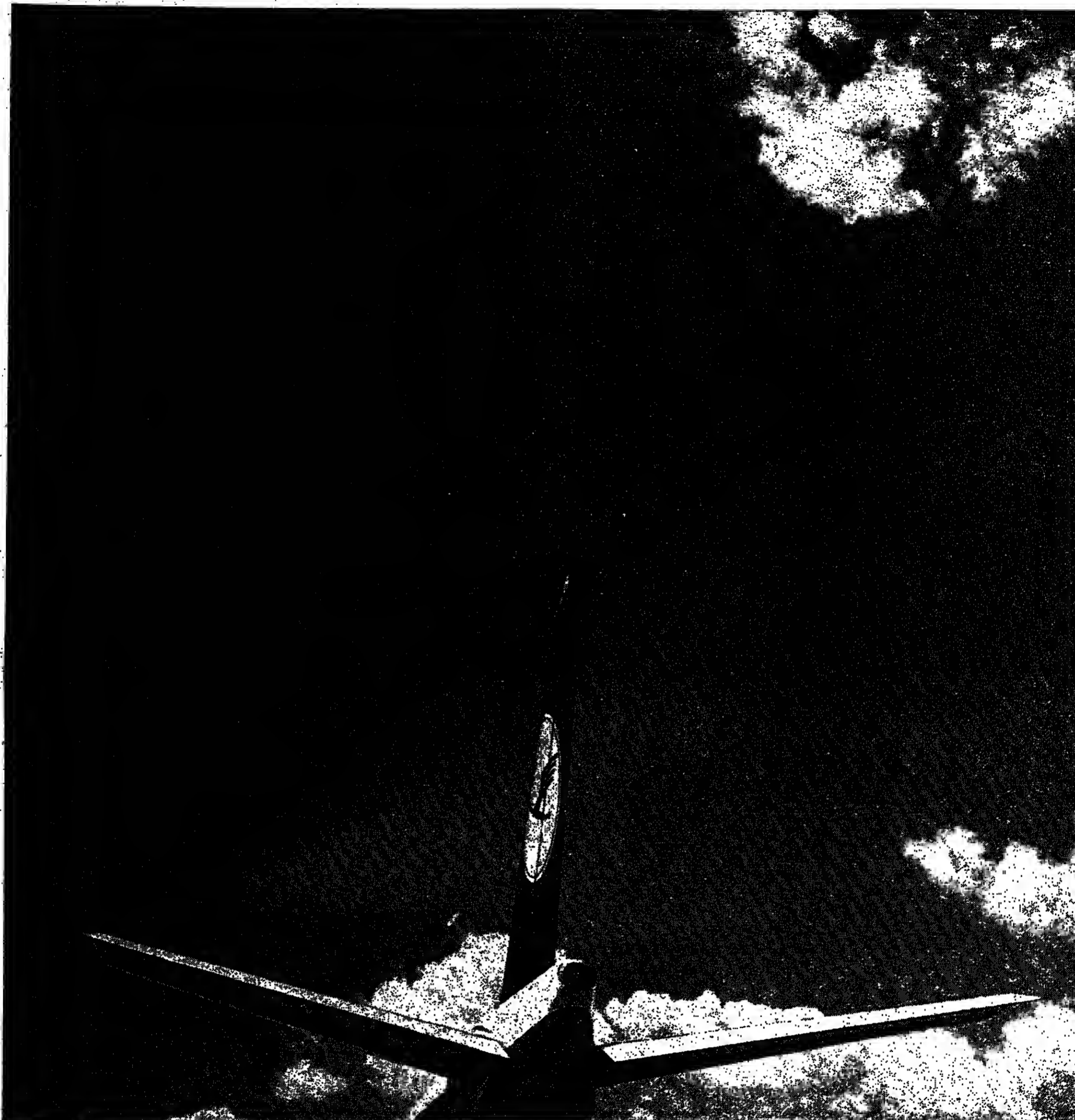
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Lufthansa to anyone."**



**Lufthansa**  
German Airlines

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem. employed	Vacs.
1983							
1st qtr.	99.5	94.3	85	105.5	115.9	2,003	124
2nd qtr.	99.6	94.2	91	107.3	119.7	2,087	135
3rd qtr.	101.3	95.7	90	108.3	124.0	2,050	160
4th qtr.	102.1	96.2	96	119.2	151.4	2,341	162
August	101.0	95.4	88	107.6	123.7	2,341	162
September	101.7	95.8	81	110.0	124.3	2,351	164
October	101.6	95.7	91	109.0	120.4	2,341	167
November	101.5	95.5	91	110.9	141.0	2,537	163
December	102.9	97.1	97	111.0	176.5	2,946	155
1984							
January	103.6	97.6		107.7	123.4	2,976	152
February				108.5	122.4	3,006	149
March						3,018	149

**OUTPUT**—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textiles	Housg. starts
1983							
1st qtr.	95.7	91.5	105.0	92.9	99.8	88.7	18.1
2nd qtr.	95.6	90.2	105.8	92.4	104.2	88.7	20.0
3rd qtr.	97.0	90.5	108.5	93.4	104.3	89.8	17.5
4th qtr.	96.5	91.5	109.4	94.0	108.1	90.2	15.9
August	97.0	90.0	108.0	93.0	100.0	87.0	18.5
September	97.0	90.0	110.0	93.0	104.0	91.0	18.3
October	97.0	91.0	109.0	94.0	110.0	88.0	18.5
November	97.0	91.0	109.0	95.0	104.0	90.0	18.2
December	97.0	93.0	110.0	95.5	111.0	92.9	11.0
1984							
January	97.0	93.0	111.0	96.0	115.0	90.0	14.0
February							16.0

**EXTERNAL TRADE**—Indices of export and import volume (1980=100); visible balance; current balance (£m); all balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Terms of trade	Resv. trade US\$bn
1983						
1st qtr.	102.3	104.3	+203	+1,094	+1,801	97.7
2nd qtr.	100.3	106.8	-469	-37	+1,556	96.2
3rd qtr.	99.3	106.6	-248	+633	+1,521	99.4
4th qtr.	107.4	112.7	-5	+339	+2,123	98.7
August	102.9	106.5	-78	+222	+522	98.5
September	102.0	107.2	-52	+352	+525	98.5
October	102.2	110.0	-423	-312	+561	98.5
November	104.8	108.2	+71	+183	+661	98.7
December	114.3	112.1	+235	+469	+901	98.7
1984						
January	102.2	112.6	-239	-89	+719	98.2
February	118.8	110.5	+569	+819	+623	97.6
March						16.75

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, net credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1	M3	Bank advances	DCE	BS	HP	Base rate
1983							
1st qtr.	9.5	8.1	18.6	+4,496	1,174	2,520	10.50
2nd qtr.	15.3	14.6	15.0	+5,087	1,071	2,540	9.50
3rd qtr.	8.5	8.4	24.6	+1,491	2,098	2,646	9.50
4th qtr.	10.4	8.8	18.9	+2,745	2,815	2,815	9.00
August	11.5	10.8	22.5	+64	325	926	9.25
September	9.6	2.1	20.7	+71	325	892	9.00
October	8.6	4.3	22.8	+1,779	987	878	9.00
November	7.5	6.8	22.6	+1,413	870	959	9.00
December	15.3	15.2	11.9		888	978	9.00
1984							
January	7.6	11.5	12.3		926	965	9.00
February	7.7	9.0	12.6		954	900	9.00
March							8.50

**INFLATION**—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings	Basic materials	Wholesale mfgs.	RPI	Foodstuffs	FT commodity	Strg.
1983							
1st qtr.	144.7	124.6	121.8	327.0	302.1	277.29	80.5
2nd qtr.	148.0	123.8	124.2	325.7	306.3	277.39	84.9
3rd qtr.	150.9	124.7	125.1	338.0	319.4	288.14	84.9
4th qtr.	153.2	128.4	126.7	341.8	316.4	298.50	83.2
August	150.4	124.6	124.9	338.9	309.4	293.02	85.1
September	150.0	126.5	125.7	339.5	313.9	288.14	84.9
October	151.7	126.2	126.2	340.7	314.5	283.18	82.4
November	152.8	127.4	126.8	341.9	316.1	288.10	83.7
December	155.1	131.6	127.3	342.8	318.5	298.50	82.5
1984							
January	152.7	125.5	128.1	342.6	318.8	295.75	81.9
February		134.2	128.9	344.0	321.4	291.34	82.2
March		133.8	130.2			308.67	81.0

\* Not seasonally adjusted.

## WORLD TRADE NEWS

## Steering between inaction and outright privatisation

BY CHRISTIAN TYLER, TRADE EDITOR

THE EXPORT Credits Guarantee Department should become a public corporation, "operating and competing" with the private sector, but losing none of its services or government backing.

This pivotal recommendation of the Matthews Committee, whose report was published yesterday, steers a predictable but still imaginative middle course between doing nothing and outright privatisation. It reflects the weight of City opinion that has been thrust upon Sir Peter Matthews, chairman of Vickers, and his two colleagues these past eight months.

The ECGD, a Government department since its foundation 85 years ago, should be replaced by a publicly-owned corporation answerable to the Trade and Industry Secretary, the report says.

It should operate independently, but with the full backing of the government, losing none of its functions and continuing to have full access to Foreign Office reports on overseas markets.

Its purpose should be to provide insurance and financial services in support of exports "and to do so at a profit". A chief executive and board of directors, including government, business and financial present secretary and advisory council system.

The report does not spell out how the new body should be capitalised, but says it should be empowered to finance its present cash deficits—the first for 30 years through redrawing with the public or private sector.

Being at arm's length from Whitehall, the new corporation should decide its own risk-taking capacity and charge "adequate" premiums.

One of the committee's most important recommendations is that the organisation be able to reinsure its risks either with the Government or with the fast-growing, but still small,

private market. Eventually the private sector, too, might have the right to reinsure export risks with the Government.

The corporation should be able to invest its reserves "within prudent guidelines" and even to raise its own export finance funds, primarily at fixed rates.

Government interest in particular export contracts would continue to be represented by the export guarantees committee, but departments would be more alive to the corporation's own assessment of the risk and should accept the reinsurance costs of such business.

The report says a change of status should lead to "a more competitive, entrepreneurial and efficient organisation which would compete in part with the private sector to the benefit of both, and hence to exporters."

It would also co-operate with the private sector reinsurers, thus widening the pool of resources available and spreading risks.

But the private market does not have the capacity to carry the load presently taken by the ECGD and, therefore, there was no case for transferring part or all of its activities.

The importance of the Government's backing for its guarantees means that it must remain in the public sector.

Another key recommendation is that the ECGD and the new corporation should charge more "realistic" individual premium rates and discriminate more between one risk and another.

For example, clients should be able to buy commercial risk insurance and political risk insurance separately.

We believe that it would be not merely advisable operationally, but in the long run better for trade," it says.

In broad terms, a reconstituted ECGD (which badly needs a new name in any case) would lose most of the business it suffers from being part of the Civil Service while losing

none of the advantages of what Mr Jack Gill, the secretary, admits is a de facto monopoly.

Nearly 100 different companies or organisations gave evidence to the committee, whose other two members were Mr Kenneth Berwin, a director of Royal Insurance, and Mr Peter Leslie, a director of Barclays Bank.

The Government is inviting comments on the report by July 1, after which a decision will be made whether or not to introduce the necessary legislation. The last two inquiries, in 1973 and 1983, recommended no substantial change.

The terms of reference were to review the ECGD's structure, functions and status, to compare the service with that of competitor agencies abroad, to take into account the taxpayer's interest in actual and potential costs of the service and to consider whether functions should be devolved to the private sector.

Report of the committee to consider the structure, functions and status of the Export Credits Guarantee Department, March 1984; HMSO, £3.60.

Editorial comment, Page 22



Sir Peter Matthews

Report of the committee to consider the structure, functions and status of the Export Credits Guarantee Department, March 1984; HMSO, £3.60.

Editorial comment, Page 22

## Algeria cancels Spanish dam deal

By David White in Madrid

THE ALGERIAN Government has cancelled a dam construction contract with a Spanish consortium after threats of trade reprisals against Madrid over the two countries' natural gas dispute.

Two other Spanish groups, Entrecanales and Huarte, were also involved in the Mezzena dam contract, worth about Pts 12bn (£56m).

The unresolved gas issue has provoked fears that Spain will lose important markets in Algeria, particularly in the construction field. However, Agrom said it was optimistic that other projects would go ahead.

Sr Carlos Solchaga, the Spanish Industry and Energy Minister, recently spoke out against the reprisal threat.

Earlier this month, Spain submitted new proposals to the Algerians to try to unlock negotiations which started over a year ago on the quantity and price of gas supplies.

Spain is trying to get out of a "take or pay" clause in its contract with Algeria, which is its principal supplier.

The Algerians, in turn, are seeking back payment for gas not taken by Spain and an increase in prices in line with their deals with France and Italy.

Enagas, the Spanish state gas company, has been taking only about a third of the 4.5bn cubic metres which, under the terms of a 1975 contract, it was to receive annually from 1980 onwards.

## UK textile deficit at record £1.6bn

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN'S balance of trade deficit on textiles and clothes jumped a massive 27 per cent to a record £1.66bn last year. If this trend continues, as seems likely, the deficit will top £2bn in 1984.

Figures released by the British Textile Confederation show that imports rose 15 per cent during the year to £4,055m, while exports went up by 7 per cent to £2,393m.

What makes the figures disturbing is that the rate of increase in the deficit appears to be accelerating. In the final quarter of last year, the value of imports rose by 21 per cent, while exports went up by 16 per cent in the same months.

The confederation states that much of the increase in imports is coming from Britain's highest-cost partners in the European Community. These went up by 17 per cent by volume and were directed at its own goods.

There was some mitigation in exports also rising strongly by 16 per cent in the same months.

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## Bechtel signs \$3m venture with China

PEKING — The U.S. engineering firm, International Bechtel, signed a \$3m (£2.09m) joint venture agreement with China this week.

The official Chinese news agency, Xinhua, said the 15-year pact was the first agreement entered into by the China National Coal Development Corporation.

The joint venture will be called China American International Engineering and will be based either in Beijing or in the eastern coastal economic zone near Canton, the report said.

The new company will undertake work inside and outside China involving coal mines, pipelines, civil engineering, energy and communications projects.

AMS gets first Nato study contract

THE FIRST study contract for Nato's proposed Air Command and Control System has been awarded to Airspace Management Systems (AMS), a multinational consortium of leading electronics and defence companies.

The latest aid scheme approved by the Commission is to the Dutch textile and clothing industry. The result has been a massive increase in production, to the UK's disadvantage.

Colin Chapman details Australia's attempts to keep open its Japanese markets

Canberra counts the cost of a special relationship

THREE MONTHS ago Mr Bob Hawke, the Australian Prime Minister, took the remarkable decision to grant a 75 per cent approval rating in opinion polls to Tokyo.

After a couple of days of talks with Mr Yasuhiro Nakasone, Japan's Premier, the two leaders and three cards were dealt at his own ego.

While such barbs are undoubtedly an irritant to Mr Hawke, he is known to be even more concerned that Australia's relations with its most important trading partner are, so soon after his visit to Tokyo, once again at a nadir.

The Prime Minister has genuinely tried to see the Japanese point of view. When in Tokyo he made a major policy speech, unpopular with the left wing of his own Australian Labor Party and the trade union movement, forecasting changes in levels of protection to domestic manufacturing industry and accepting that jobs may have to be lost in the short term for the long term good of restructuring.

And, because he became convinced that many Australians misunderstood the changes going on in Japan, particularly the conversion of an economy based on heavy industry to one based on new technology, as well as being unaware of the opportunities in the Japanese market, he issued a personal invitation to Mr Naohiro Amaya, for decades one of the principal architects of Tokyo's industrial policy, to visit Australia and meet government, business and union leaders.

Although well aware of the pressure Japan has been under from President Reagan to favour American beef, the Australian Government is genuinely dismayed at the beef deal between Tokyo and Washington.

Australia's share of the Japanese beef market has slipped from more than 80 per cent in 1978 to about 57 per cent last year and will decline to below 60 per cent as a result of the new quotas for the U.S.

Yet Australia is unlikely to attempt any kind of retaliatory action, even though ministers have been making reference to Article 23 of the Gatt which suggests that where governments apply restrictive quotas they should allocate the available market in terms of traditional shares.

In many ways the coal situation is much more serious, because cancelled contracts, redundancies and reduced prices have already led to redundancies and mine losses in the New South Wales coalfields and now, the more profitable and productive open cut mines in Queensland are under threat.

The dispute between Australian coal companies and Japanese power utilities became much more visible at the weekend when Australia's biggest new thermal coal development, the A\$500m (£320m) Blair Athol project in Queensland, was opened by the state premier without any immediate prospect of its output being shipped.

Japanese power groups have refused to send ships to pick up any of the 200,000 tonnes of

## Siemens to increase product technology

TOKYO — Siemens, the West German electrical concern, is increasing investment in research and development in four basic fields of product-oriented technology to catch up with the technological expertise of the U.S. and Japan, Siemens said yesterday.

Herr Karl Heinz Beckurts, executive vice president, said Siemens research and development programmes will concentrate on innovations for the office, factory, information networks, factory and energy systems.

Herr Beckurts, in Tokyo to promote the West German exposition in Tokyo, said the technological gap, meaning West Germany's lag behind the U.S., has been the subject of exaggeration since the 1960s.

He said that spending as much as 3 per cent of the company's total sales in product-oriented research and development will enable the group to catch up with Japan and the U.S. by the end of the decade. Siemens grossed \$16bn (£10bn) in sales last year, he added.

As an example, he said, Siemens will be ready to market the 1-megabit random access memory chip by 1987. The 1-megabit chip can store about 1m bits of computer information.

Manila rejects trade case

THE MINISTRY of Finance, were being sold here at below yesterday disclosed a petition filed by two local companies, countries, thereby causing seeking the imposition of anti-dumping duties on certain ceramic products imported from Hong Kong and South Korea.

The petitioners, the Royal Porcelain Corporation, and Union Industries, claimed that glassware and glass ash trays imported from Hong Kong as well as table china and other pottery products from South Korea,

Manila rejected the petition, saying that the petitioners were being sold here at below yesterday disclosed a petition filed by two local companies, countries, thereby causing seeking the imposition of anti-dumping duties on certain ceramic products imported from Hong Kong and South Korea.

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# Every month 1,000 companies go bust. You can't always blame the economy.

According to a recent report in a financial newspaper, companies go to the wall for all manner of reasons.

In many cases the economy has little to do with it.

Those popular whipping boys, the Government and the unions, don't even get a mention. Nor should we automatically point the finger at the EEC or the microchip.

For the most part, the bald truth is that when companies get into trouble they have only themselves to blame.

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## UK NEWS

## Pit union majority in favour of strike

By Our Labour Staff

A MAJORITY of colliery deputies (supervisors) have voted for strike action against plans to slim the coal industry by pit closures.

Members of the National Association of Colliery Overmen, Deputies and Shotfirers (Nacod) voted by 7,638 to 6,881 for a strike, less than the two thirds majority required for a strike under the union's rules.

The majority of 54 per cent, however, is very close to the 55 per cent required for a national strike under the rules of the more militant National Union of Mineworkers (NUM). It indicates the widespread hostility within the industry at the National Coal Board's plans.

The executive of the NUM will hold a crucial meeting today to decide whether to call a national ballot of its members over the strike action which has disrupted the industry for the past five weeks.

Moderate members were last night trying to secure support for a ballot, but a counter-call for a national delegate conference could result in the executive being split 12-12. In that case, Mr Arthur Scargill, the NUM's president, would have the casting vote.

## Ministers fear loss of impetus over cable TV projects

By Raymond Snoddy

GOVERNMENT ministers are increasingly concerned that the introduction of multi-channel cable television in the UK may be losing its impetus.

Officials concede that all the developments have been negative since the announcement last November of the 11 successful applicants for pilot franchises.

The withdrawal of Ferret of the U.S. from a joint venture with GEC to design a cable switch has raised new doubts about when the complex switches needed for most cable networks will be ready.

Independent assessments of the commercial prospects for cable have been increasingly pessimistic. The Chancellor of the Exchequer has announced that the 100 per cent capital allowances, on which many cable applicants based their financial projections, would end.

"The Government wants to do all it can to inject some new life into this if there is a danger of the spark fading," one official commented. But it is clear that when many of the cable operators hold talks today with Mr Douglas Hurd, the Home Office broadcasting minister, and Mr Kenneth Baker, Minister of Information Technology, they will be offered little more than a sympathetic hearing.

They will be told there is little chance of a special exemption for the cable industry on capital allowances.

Deloitte Haskins & Sells, the accountancy firm, believes the change on capital allowances could lead some companies to reconsider whether to go ahead with cable television.

Its computer model of a cable company, with maximum relief under the existing tax regime, shows a yield of 13.5 per cent over a 12-year period and a break-even point in the seventh year.

Under the new regime, with 35 per cent corporation tax and 25 per cent depreciation, the yield would be 7.5 per cent and break-even would not come until the ninth year.

Several aspects of the implementation of cable policy are also taking longer than expected. The Home Office and the Department of Trade and Industry have not yet completed negotiations with a majority of the 11 pilot operators on the terms of their franchises.

The five franchises in which British Telecom is involved are coming under especially close scrutiny. The areas are Aberdeen, Belfast, Coventry, Liverpool and Westminster, London.

## Offshore costs too high, oil study says

By Ian Hargreaves

BRITISH companies must become more efficient and more aggressive if they are to enjoy the full benefits of the £500m second phase of North Sea oil development, according to a report published today.

The report, written by the Economist Intelligence Unit and commissioned by Shell UK, says that after a two-and-a-half year hiatus, a wave of development has begun which should bring between 60 and 80 oilfields on stream between now and the end of the century.

The key to success for British companies, it suggests, is to lower the cost of offshore manufacturing and services by at least 15 per cent. Without such a cut, marginal oilfields might remain undeveloped and British companies will slip further behind U.S. competitors.

The report, which carries a message of support from the Government, is the latest stage in a Shell effort to stimulate greater UK participation in the offshore sector.

The North Sea and British Industry: New Opportunities EIU, 27 St James's Place London SW1, £11.50.

## Rio Tinto-Zinc may renew bid for Wytch Farm oilfield

By Dominic Lawson

RIO TINTO-ZINC (RTZ), the international mining and industrial group, could re-enter the race to buy British Gas Corporation's 50 per cent stake in the Wytch Farm oilfield, in Dorset, Britain's largest onshore discovery.

Sir Anthony Tuke, chairman of RTZ, said yesterday that if negotiations between British Gas and the Dorset Group of companies broke down "we would probably be in the field for Wytch Farm."

The group's reawakened interest in the field comes after taxation changes in last month's budget.

These made onshore fields a more lucrative investment. Onshore fields tend to employ less capital than offshore fields and are therefore relatively less affected by the phasing out of capital allowances.

RTZ dropped out of the bidding for Wytch Farm, a year ago when it realised that the Dorset Group, led by Tricon, was offering the best terms. Over the past year, however, the Dorset Group has failed to clinch agreement with British Gas, which wants the Government to say that the deal is in the national interest.

RTZ was previously part of a consortium which included Associated British Foods and Charterhouse Petroleum, but neither of those companies is now thought to have renewed its interest.

● The North Sea's 22nd oilfield, South East, was inaugurated yesterday by Mr Peter Walker, the Energy Secretary. The field, operated by Marathon, the U.S. oil company, was discovered in 1975 and brought into production last July, at a cost of £150m. It has total reserves of 300m barrels.

See Page 24

## Intasun plans Air Espana airline

MR HARRY GOODMAN, chairman of Intasun, the travel and holidays group which owns Air Europe, is planning to set up another charter airline, based in Spain.

The new airline, Air Espana, will be owned 35 per cent by Intasun and 75 per cent by a Spanish group, Viajes Iberia. Provisional approval for the plan has been given by the Spanish civil aviation authority, but some technical matters have still to be settled.

Air Espana, which hopes to begin flying next year, will carry tourists between Spain and Northern Europe, chiefly West Germany, where leading tour groups are said to have expressed much interest in the project.

● THE PRICE of a sea crossing to the Continent could be cut at least 15-20 per cent if European Ferries is allowed to take over Sealink UK, British Rail's cross-Channel ferry subsidiary.

European Ferries put this point to the Office of Fair Trading yesterday in an attempt to lift a two-year ban on the company making a bid for Sealink. It said efficiencies could be made by a merger of the two fleets, which now operated with much unused capacity.

Sealink faces disruption today because of union meetings by employees opposed to the privatisation plan.

● THE BILL which prepares the ground for the privatisation of British Telecom (BT) has completed its passage through both the House of Lords and the Commons. The next step will be for the Government to name the day on which BT completes its transition from a state corporation to British Telecom plc - 51 per cent of which will be offered to the public in a share sale in the autumn.

● DIPLOMA, the U.S. drugs group, has been granted a licence to sell Depo-Provera, an injectable contraceptive, in the UK after earlier refusal by the Ministry of Health. The decision is expected to influence U.S. consideration of the drug's licence application which is still pending.

● LONDON & LEEDS Corporation, the U.S. property arm of the Lend Lease Group, is to develop a £200m (£140m) New York headquarters building for Barclays Bank International.

The building will be on the site of Barclays' existing offices on Wall Street and will provide 640,000 sq ft of accommodation on 30 storeys.

● FARES rises averaging about 3 per cent, sought by British Airways for some routes between the UK and continental Europe have been rejected by the Civil Aviation Authority on the grounds that they are not economically necessary.

● GREEK requests for the return to Athens of the Elgin Marbles have again been rejected by the Government.

## Dunlop wins £200m Airbus order

By Anton La Guardia

THE AIRCRAFT division of Dunlop, the British tyre and rubber company, has announced new orders worth in total £350m over the next 20 to 25 years.

Most of these earnings, about £300m, will come from Airbus Industrie's choice of Dunlop carbon brakes for its wide-bodied A310-300 aircraft.

Dunlop also announced that British Aerospace has ordered carbon brakes for its latest civil and military aircraft projects - the BAe commuter jet, the ATP advanced

turboprop airliner and the EAP experimental fighter aircraft which is being developed by a European consortium.

There is another order worth £7m from British Aerospace, Westland Helicopters and Fokker of the Netherlands for Dunlop's engine intake de-icing system for three aircraft projects, the ATP, the W-30 military helicopter and the Fokker 60 turboprop.

Dunlop said that, in addition, the Brazilian company Embraer, the West's largest manufacturer of

fighting vehicles, had ordered the Dunlop hydro-pneumatic suspension system to be fitted on to the new EET-1 Osorio battle tank.

● Flessey has won a £200m production contract for the second phase of the "Preston" mobile tactical communications system for the British Army.

The order means substantial sub-contracting work for other companies, including Standard Telephones and Cables, which has been awarded a £34m contract from Flessey.

● The order means substantial sub-contracting work for other companies, including Standard Telephones and Cables, which has been awarded a £34m contract from Flessey.

## Five companies fail to explain voting rights

By Ray Maughan

FIVE COMPANIES whose shares have restricted or biased voting rights have still not complied with persistent requests from the London Stock Exchange to show clearly which classes of their equity capital have less favourable voting rights than other shares.

One of the companies is Stylo, the shoe group, which recently relied on the voting strength of its management shares to fend off a bid from Harris Queensway. Stylo has told the stock exchange that at its next annual meeting it will put the issue of designating its less favoured ordinary shares as "limited voting" or "restricted voting" to its shareholders.

The others are C. H. Bailey, the ship repair and dry dock company, Rothmans International, the cigarette manufacturer, Savoy Hotels and Trusthouse Forte, the hotels group.

Institutional investors, notably the British Insurance Association and the National Association of Pension Funds, have been urging that votes for all shareholders should be commensurate with their investment in a company.

This policy has led directly to the strong institutional resistance to the proposed structure of the Reuters flotation.

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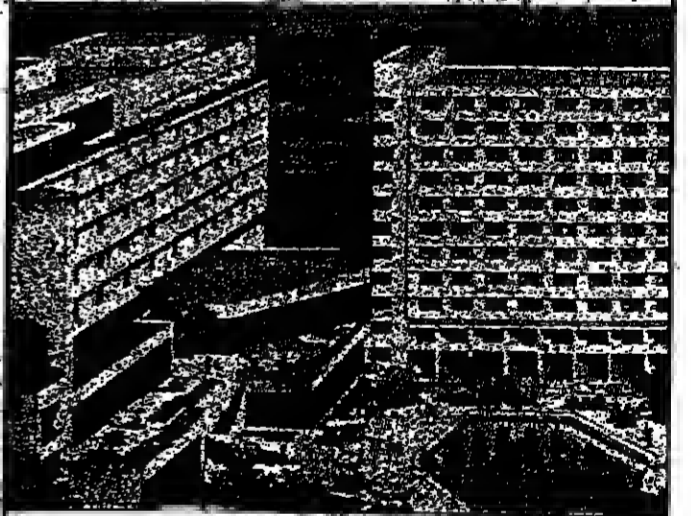


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## EUROPE 1 COMMUNICATION

The Ordinary General Assembly of EUROPE 1 COMMUNICATION which was held on 30 March 1984 in Monte Carlo, under the chairmanship of Mr. Pierre Barre, approved the balance sheet and the accounts of the fiscal year closed as at 30 September 1983, which show a net profit of FF 20,321,291.75 against FF 56,120,590.44 for the preceding fiscal year.

All the resolutions proposed by the Board of Directors were adopted. The profit was carried over in its entirety bringing it therefore to FF 20,321,291.75. For the first five months of the present fiscal year, the precise turnover for radio-televising shows a 7% increase compared with the same period of the preceding fiscal year, reaching FF 242,034,000 against FF 226,324,000.

## THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

## An aristocratic advance on the U.S. arts market

Alan Friedman on Italy's elitist publisher



COUNT Franco Maria Ricci answered the door of his house in a white bathrobe and slippers, looking dishevelled and bleary-eyed and very unlike the man who is masterminding what he calls the most unorthodox marketing debut in American publishing history. It was nearly midday, but Ricci said he had been up until the small hours of the morning, working on his plans to spend \$1m to foist on an unsuspecting American public close to 8m free copies of his glossy art magazine, known appropriately as FMR.

A few moments later, having shaved and dressed, the flamboyant Ricci returned, pausing in his exquisitely decorated sitting room to ask Abdul, his manservant, to bring some white wine and mineral water. Then, chain-smoking a mixture of American and Indian cigarettes, he talked for two hours about what is clearly the love of his life, publishing "beautiful" books and art magazines.

He calls himself, without worrying about modesty, "Italy's best designer and publisher" and most of his legions of jet-setting friends and subscribers appear to agree. He admits, in the most nonchalant manner, that "FMR is an elite magazine for elite tastes." He terms his two-year-old venture "the most beautiful magazine in the world."

At first sight one might be tempted to think of Ricci as yet another high-living Italian count whose predilections for fast women and fast cars must preclude any serious activity. But the 46-year-old Ricci, born of an old aristocratic family (his great-grandfather was the military adviser to a Savoy King who invented Italy's carabinieri), is actually engaged in a most audacious and expensive marketing gamble in that most challenging of markets, the United States. And just in case anyone accuses him of using his name and connections to drum up financial support for his admittedly eccentric venture, he stresses that he is investing \$1m of his own money as well.

A further \$2.6m of funding for the June launch of FMR's U.S. edition has come from more than a hundred corporate contributions. Monodition, the Italian chemicals giant which is itself swimming in debt, has given \$500,000. Other major contributors include Alitalia, Alfa Romeo, Maserati, Nuovo Banco Ambrosiano, the ENI state energy group and the regional governments of Tuscany and Lombardy.

But what kind of man can attract this kind of support, when his critics call him crazy, elitist or downright mad? A geologist by training, Ricci spent his early years winning an Italian motor racing championship and then travelling for

four months of 1982 around Turkey prospecting on behalf of Gulf Oil. He soon tired of "travelling around in a jeep with a driver and a cook" and left the company.

In 1963 his mother gave him £200m and told him to go and buy a Ferrari. But instead of buying a car he decided to buy two old printing presses and hired a retired printer in Parma to fulfil his first major publishing aspiration—the reproduction of an esoteric 18th century typographer's manual by Giambattista Bodoni. Ricci not only went ahead with the venture but recouped his investment by selling 400 copies at \$500 apiece.

He very quickly gained acceptance as a connoisseur of obscure art and typography and when his critics call him crazy, elitist or downright mad? A geologist by training, Ricci spent his early years winning an Italian motor racing championship and then travelling for

for then-flooded Florence.

"I wanted to be romantic and emotional and discover forgotten artists. It would have been stupid to do Raphael and Michelangelo again," he recounts. So in 1967 he established the Ricci Collectors Club, a kind of book club which now has \$7,000 members who buy things like his \$5,000 leatherbound sets of 18th century encyclopedias.

But his greatest dream of all was to start a monthly magazine, which he did two years ago, calling it FMR. The first issue sold 150,000 copies on Italian newsstands and today, after reproducing eclectic collections of tapestries, sculptures and baroque palaces, FMR is ready for its American launch.

The goal is to achieve 100,000 subscriptions out of the 8m 16-page giveaway copies, half of which will be sent by direct mail and the rest included in editions of the New York

Times, Washington Post and other newspapers. Although the promotional copies are still being distributed Ricci says he has 10,000 U.S. orders already, which have resulted not from the 8m giveaways, but from advertising in the U.S., coordinated by agents Ogilvy and Mather.

The U.S. edition is budgeted to break-even at 50,000 copies, which would represent a customer response of one-half of 1 per cent of the recipients of the 8m copies. Ricci has already sold half the advertising space for the first 10 issues, representing 180 pages of advertising at \$3,000 a page, or \$1.4m. He says the ratio of ads to editorial will be one to four, no more than 40 pages per 160-page edition.

With his staff of 35, including a handful of editors working from Cambridge, Massachusetts, Ricci will print in Italy and ship the magazines to America each month. He claims this is less costly and assures quality control.

Ricci makes a point of stressing that he is not a "businessman" and says he does not wish to judge his success by any as vulgar as money. But he admits that he needs money "to do the things I want to." Thus far the gods (and his friends) have smiled and in 1983 Ricci's various publishing ventures produced a turnover of £10bn and pre-tax profits of £300m. The profits, which amount to less than £130,000, are barely impressive.

With more than 150 books under his belt, six new titles a year and publications in Italian, English, French and Portuguese, what is next? There are already ten Ricci bookshops in Italy (selling only Ricci books and magazines) and outlets in Paris, Geneva and Brussels. New bookshops are planned for New York and London within the next year and then the Ricci bandwagon is supposed to roll into France, West Germany, Spain and Japan. In each of these countries he would like to launch an edition of FMR.

Ricci admits that he has a slight image problem ("I have the image of being a social person") but claims he prefers working late into the night on his magazine to "drinking wine."

And so the Marchese shuttles about the world preparing his American launch, code-named "Operation Columbus." His days of car racing and frivolity are well in the past, he insists, pointing to a rather dusty little Volkswagen outside his house as proof. "The 'E' type Jaguar is in the warehouse. It has been there for seven years now," he explains, with only a slight trace of nostalgia.

## Advertising

## Why the Press should pull together

BY FEONA McEWAN

A REMARKABLY united front was presented by luminaries of the British press last week. Sibling rivalries were put aside as representatives of the country's national and regional press put their best foot forward in Berlin before an audience of some 400 advertisers and agencies. The occasion was a conference—initiated by Marketing Week—that focused the corporate mind of the press, for once, on marketing.

Behind this display of the attractions of newspapers lies a swing among advertisers towards television, with inroads being made, slowly but surely, into total press ad revenue. It was time for the grand old lady of media, still the recipient of the biggest slice of total advertising revenue, to bauld herself out of her corner and remind suitors of her singular appeal.

If much of the conference tone was predictably bullish, this was largely due to the current surge of revenues, circulations, volumes, or profits being enjoyed, in varying degrees, by most publishers. All media are more buoyant than at any time since the mid-1970s; national press showed an 8 per cent real growth in 1983 (according to the Advertising Association) which it expects to better this year. In 1982 press (including magazines) accounted for two-thirds of total UK advertising revenue (worth £2bn) compared with television's 30 per cent share (£928m). Since 1954, the conference heard, ad revenue in national newspapers has risen 22 times against the eightfold increase of the retail price index.

But the tone was not complacent. As various issues were aired, a number of predatory moths were found to be nibbling at the edges of the industry. The most alarming—according to most speakers—was television. Its inroads on the press were leaving newspapers with a shrinking share of a growing advertising cake. National press share slipped from 18.4 per cent in 1972 to 16.5 per cent in 1982, and regionals from 26.5 per cent to 23.5 per cent as against television's rise from 24.9 per cent in 1972 to 29.7 per cent a decade later.

All this suggests according to the agencies, that the press is notably backward in marketing itself to advertisers in contrast to the success it has had in wooing readers.

ing itself to advertisers in contrast to the success it has had in wooing readers—circulation trends are encouragingly upward in all sections. Despite rational arguments aplenty for using press to sell efficiently such as cost-effectively, newspapers have lost their visibility to the big advertisers, they said. Only one advertiser in the top 10 favoured press (and being in the tobacco business, not perhaps for choice), yet in pre-television days press was the big brand builder.

It fell to two agency men to press home the challenge. The two Johns—Ferriss and Ayling, respectively media director of Saatchi and Saatchi and the head of a leading media independent shop—felt the industry had lost its appeal for advertisers, or saliency, as they called it. Too much energy was being spent, on intermedia battles and not enough on the

volume of 4.5 per cent, thus losing a possible £25m, while brand share slipped by 2.4 per cent. Think of the potential press mileage there.

Sunday supplements—six of them now put in some 30m readers—came in for a fair share of praise, though many would argue that they belong more correctly in the magazine section of ad revenue. No longer a repository for discounters engaging in a free-for-all or of direct response ads, they boast a wider mass appeal at more stable prices. Even if editorially they were sometimes disappointing, more colour and pages, regional flexibility, new sizes, inserts, gummed cards and specialised partworks were further attractions.

Roger Bowes, deputy chief executive of the Mirror Group, argued that press advertising could reach a given audience

cefferring to current developments in the London Dockland. "Research shows that despite the technology revolution over the last 15 years there's been no decline in the appeal of the written word."

Regionals (which boast the lion's share of press ad revenue with some £770m in 1982 against the nationals' £515m) emerged from the conference with flying colours. A series of speakers bore witness to the increasingly marketing-minded (both to consumers and advertisers) local press. "Free sheets have blown away the cobwebs of conventional weekly journalism," said Terry Quinn of Bedford County Press, forcing local papers to reappraise their role of getting into the community and many have emerged fitter and leaner.

George McKechie of the Glasgow Evening Times gave an impassioned account of the singular merits of the local evening press. "The editor has to be far more promotion and publicity conscious," he said. "We are in the age of the hard sell. People buy evening newspapers because they get information from advertising in addition to news and features. If they want to buy something they look in their local paper. They don't switch on the television set or the radio for that information."

Some of the blame for lack of enthusiasm toward press ads was laid at the agencies' door for not encouraging its creative talent to concentrate on press advertising. Ronnie Kirkwood, chairman of Kirkwood and one of the UK industry's top press creative talents, was quoted as calling the process "more difficult than for TV or colour magazines: it demands more discipline and more detailed crafting. A gifted amateur can often come up with a great idea for a TV commercial or a poster but only a professional can succeed in the press."

It fell to Leo Bogart, executive vice president of The American Newspaper Advertising Bureau, to show how outstanding press ads can be. This he did in a showstopping, Madison Avenue style with a battery of attention-grabbing, inventive, witty examples, often from far-flung corners of his country. Above or below the fold, facing matter doesn't matter, he said; it's creative ability that matters.

## There'll be a lot more daylight on May 16.

May 16th will be a day for remarkably clear views. With plenty of daylight for everyone in marketing.

For the 1984 Institute of Marketing's National Conference we have set a double-barrelled theme; one which has never been more appropriate for companies large or small.

Our theme is "Marketing for Profit: New Approaches."

We have invited speakers whose collective experience, achievements, and thinking, should provide invaluable insight and guidance to the problems that lie ahead.

The Keynote Address will be delivered by Ian MacGregor, an outstanding business leader who is truly in the front line. And there is a full and rewarding agenda for the day, as you can see below.

We include a number of special features at the Conference, which are shown in the box below. There will also be an exhibition of marketing services.

We know you'll come away from the Conference regretting only one thing: the shortness of the day.

We guarantee it will be more than compensated for by the abundance of daylight shed on the future.

## Conference '84

"MARKETING FOR PROFIT: NEW APPROACHES"

1984 Institute of Marketing National Conference, Royal Lancaster Hotel, London, Wednesday May 16th.

## MORNING



Ian MacGregor



James Morrell



Geoffrey Darby



Gordon Edge

09.00 Registration and Coffee  
09.30 Sir Patrick Morrey, President of the Institute of Marketing, and Chairman of The Bank of Marketing plc, Opening the Conference.

09.35 Ian MacGregor, Chairman of the National Coal Board, KEYNOTE ADDRESS  
10.00 James Morrell of James Morrell Ltd, WHAT'S NEW IN THE ECONOMY?

Social changes have affected food consumption, the growth of owner-occupiers, and the growth of services and smaller businesses. How do the changes relate to the present economic situation, and what are the future trends?

10.40 Coffee  
11.00 Geoffrey Darby, International Marketing Director, Schweppes

David Stewart-Hunter, John Ferriss, Saatchi and Saatchi, THE NEW CONSUMERS, AND NEW METHODS OF REACHING THEM.  
Against the background of low population growth, new consumer profiles are emerging—with significantly different lifestyles, attitudes, and aspirations to the consumer stereotypes established in the past. There are important implications for marketers—and new media must be considered in planning future advertising campaigns, in order to reach these new consumers effectively.

11.45 Gordon Edge, Group Chief Executive, BA Technology, A NEW APPROACH TO MARKETING AND TECHNOLOGY

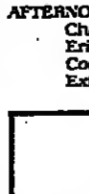
The last decade has shown large changes in the balance between manufacturing and service sectors in major developed countries—most noticed in employment and economic terms, but also strongly influencing the ways in which substantial service sector companies must manage and market products.  
What are the particular problems of marketing technology for the service sector? Might modelling approaches previously developed for consumer products be a fruitful area for application in our new industrial environment?

## LUNCH

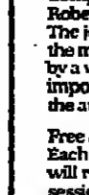
12.30 Lunch.  
Guest Speaker: John Harvey-Jones, Chairman, Imperial Chemical Industries plc, and Vice President of the Institute of Marketing.



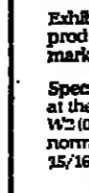
John Harvey-Jones



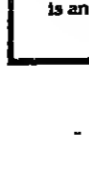
Robert C. Christopher



Norman Burden



Jeremy Bullmore



Jack Wheatley

## Special features at the Conference

Complimentary copy of "The Japanese Mind" by Robert C. Christopher for every conference delegate. The journal "Publishers Weekly" said it could well be the most important appraisal of Japan and the Japanese by a westerner in decades. Pan Books is launching this important new publication in the UK to coincide with the author's appearance at the Conference.

Free audio cassette of your choice. Each conference session will be recorded, and delegates will receive, free of charge, one audio cassette of the session of their choice. Tapes of all the sessions will be available for purchase.

Exhibition: A number of companies will be exhibiting products and services of particular relevance to marketing executives.

Special Hotel Rates have been negotiated for delegates, at the Hospitality Inn Hotel, Baywater Road, London WC2 (01-252 4461). A 25% discount will be given off the normal rates for single room with bath (£37.50) for May 15/16th nights.

Make reservations direct with the hotel, making reference to the Institute Conference. The Hospitality Inn is an AA/RAC 3 star hotel.

14.30 Robert C. Christopher, Administrator of the Pulitzer Prizes, and author, A NEW LOOK AT BUSINESS IN JAPAN.  
The Japanese Mind was much acclaimed when published recently in the USA. The author will highlight some aspects of this book which are certain to be of special interest to every business executive.

15.15 Norman Burden, Chief Executive, The Rowling Company Ltd and Vice Chairman of the Institute of Marketing, MARKETING REVENUE—THE ROAD TO PROFIT

A household name to millions of QTV enthusiasts, Rowling's main business is with the construction and manufacturing industries which have suffered most from the recession. Yet, in the past two years Rowling has secured volume growth, increased market share, and a significant turn-around in profits.

Few of the individual actions taken could be described as new; the novelty lies in the way a long-established company has successfully drawn together all the facets of marketing—to use throughout Europe in a manner more reminiscent of being than industrial marketing in Britain.

16.00 Tea.  
16.30 Jeremy Bullmore, Chairman, J. Whiter Thompson Company Ltd, WHAT'S NEW IN ADVERTISING AND SALES PROMOTION?

Marketing executives are constantly bombarded with claims that new advertising media and sales promotion techniques can help them reach their target audience in the most cost-effective ways. What are the options open to marketing managers today?

17.00 Jack Wheatley, National Chairman, Institute of Marketing, Managing Director Moore's Modern Methods, Close of Conference.

## Conference '84 MARKETING FOR PROFIT: NEW APPROACHES

Please return to: Joanna Dean, Institute of Marketing, Moor Hall, Cookham, Maidenhead, Berks SL6 2QH. Tel: Bourne End 062851 2492.

Conference fees include coffee on arrival, and during the morning, lunch with wine, afternoon tea; all conference documentation. All delegates also receive a complimentary copy of "The Japanese Mind" by Robert C. Christopher, and one audio cassette of the session of their choice.

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Setting a new mood for marketing.

## JOBS COLUMN

## The perils of growing older in management

BY MICHAEL DIXON

SPRING AND a booming jobs market should not blind us to what is and will almost surely go on being a shattering problem for some readers. Every week four or five letters or telephone calls arrive to confirm the following quotation from the latest review published by Incomes Data Services:

"The typical executive's job has become much less secure in recent years, in part as a result of the recession, but also as a consequence of tougher management styles in many companies. A recent upturn in the executive recruitment market does not appear to be matched by an abatement in the flow of senior redundancies."

The IDS review makes plain that by "senior" it means people not just of fairly high managerial rank but also aged in their late 40s and upwards. That is something else confirmed by most of the aforesaid communications to this column. But since it still seems that even the most brilliant young executive cannot avoid growing older, these letters end calls have cautionary relevance for youth as well.

There is one point on which the unfortunate readers would question Incomes Data Services' wording. They would claim that if they are victims of "tougher management styles," the company concerned must have got

tougher about something different from demonstrable power to contribute to profitability. Their career records are typically impressive. Most were evidently not chucked out for bad personal or departmental performance, but knocked out in one of those highly political games of executive skittles which the jargon terms "organisational restructuring."

Take for example the 54-year-old who has piled one success on another to become a divisional finance director with a multinational group in high-technology industry. It then decided to merge three divisions.

"The new chairman was appointed from another division (ie not mine) and promptly filled key posts from his old division. Not unreasonable really, but it left me out in the cold—in spite of the fact that I had an excellent record, and so did my old division."

What comes next is usually the discovery that the impressive career history which failed to prevent them from losing the old job seems equally ineffective in obtaining them a new one. Months of diligent searching go by fruitlessly. Even those with enough put by to offer their skills part-time without need of pension contributions and so on by the employer report that, despite the existence of agencies catering for part-time executive

services, demand is hard to find. Several describe the frustration of receiving letters from employers or consultants openly acknowledging their outstanding achievements and wide experience, but rejecting their application all the same.

Some of them blame the tendency for senior appointments to be filtered through middle-man selection consultants. "The top people who do the employing are busy, but my experience is that they'll listen to reason if you can get to talk to them," says a former managing director aged 57. "If consultants are operating, however, and you don't fit the standard candidate profile including the age stereotype, the actual employer doesn't get to hear of you. The consultants block you out."

But the 54-year-old financial manager mentioned previously has the different theory that, while consultants may worsen the problem, it originates with the managers in the employing organisation. To them, he contends, a new subordinate means not only assistance but also competition. They would rather have modest performance from a more easily managed younger person than "feel threatened by ability or experience."

Isn't this where large companies and employment consultants should review their practices and find some way of keeping or recruiting successful managers rather than allow

the traditional politics to retake the acceptable rather than the capable," he asks.

While the Jobs Column agrees it sees few signs of employers and consultants changing their policies in the desired way. And while Incomes Data Services notes "some trend towards valuing experience" it reports that most organisations dismissing staff now "accept that a senior executive aged 50 is going to need a year in which to get another job."

But the review does offer some hints for managers who, although still in their job, are at risk to the old beave-be in later middle age. It discloses, for instance, that some specialists on compensation payments to sacked executives "say that the company is well advised to settle early, while the redundant manager still believes he has reasonable future career prospects."

On the other hand, since getting a new job reduces the compensation that can be justified, the dismissed person is "in a stronger bargaining position while still unemployed."

So it would appear that any urge, however natural, on an ageing victim's part to settle swiftly and be done with the company for ever is liable to be counterproductive.

The value of securing a long period of notice as part of the employment contract is emphasised by the review although

it notes that notice periods have shortened of late, now rarely exceeding two or three years even at board level. There is some comfort for the many managers without such a contractual entitlement. The statutory minimum boils down to one week's notice for each year of service up to a maximum of 12 weeks. Where managers are concerned, however, it is thought that the courts would not deem less than three months to be reasonable in any case—

"the typical period lying somewhere between three months and a year."

Moreover, the IDS reports, while the employer "may open the bidding with an offer as low as £10,000" in compensation, a common settlement figure for a manager below director's rank these days is £15,000.

## Motor sales

DAVID JOHNSON of Jackson Taylor International Associates seeks a motor-sales specialist for a Ford-franchise company in the north of England. Initial target is 500 new vehicles to businesses or fleet operators a year.

Being unable to name his client Mr Johnson, like the recruiter to be mentioned next, advises to abide by any applicant's request not to be identified to the employer without specific permission.

Earnings indicator about £20,000. Car among perks. Inquiries to 2 Hibel Road, Macclesfield SK10 2AB; telephone 0625 618327; telex 587259 Recpar G.

## High risk

ANOTHER Johnson—this time Barry of Professional and Executive Recruitment (319-327 Chiswick High Road, London W4 4HH; tel 01-995 2424) seeks someone aged mid-30s who has made profits and is skilled in engineering and production management to develop a UK-based venture. The firm is to transplant a light engineering product already selling well to industry in the U.S.

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## Prize ads

LASTLY to the latest winners of Express "Newspapers" awards for recruitment advertising—National press: British Home Stores, agency Lockyer, Bradshaw and Wilson. Regional press: Coopers and Lybrand, agency Benton and Bowles. Trade press: Clarks, agency Harrison Cowley; and J. Sainsbury, agency Hay-MSL.

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Ideal candidates will be in their later 20's to mid 30's, currently with a merchant bank or accepting house. Formal job title and detailed terms will be structured to meet specific individual needs and aspirations.

Please send a detailed cv, including contact telephone numbers, in strict confidence to Peter Wilson, FCA at Management Appointments Limited (Recruitment Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel: (01) 930 6314.

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Please indicate any companies to whom your application should not be sent.

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The remuneration package will include car, low interest mortgage, BUPA non-contributory pension and other bank benefits. The starting salary will be in the range of £22,500 to £26,500 inclusive of annual bonus and London allowance. This could be higher for an exceptional candidate. Applications giving full career history should be sent to the address below, addressed to Kevin Byrne who will forward these unopened to our client. Please quote ref. 752, and mark clearly on the envelope any companies to whom you do not wish your application sent.

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The successful candidate is likely to have previous experience in a senior financial management position together with knowledge of modern computer-based management information systems and the ability to operate and communicate effectively with other members of the management team, government representatives and external auditors. Availability in Gibraltar is required by June/July this year.

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Please write to the address below and include details of personal circumstances, education and training and employment history.

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## CHIEF ACCOUNTANT BANKING

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A recently established Licensed Deposit Taker requires urgently a senior person at a managerial level with at least 25 years' banking experience and a working knowledge in the preparation of accounts, Bank of England returns, computerisation, foreign exchange transactions and documentary letters of credit.

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Please enclose curriculum vitae and references to: Box A8574  
Financial Times, 10 Cannon Street, London EC4P 4BY

Required by a

### FINANCE COMPANY wholly owned by Banking Group:

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Must have at least three years' experience of Spot and Forward dealings in major currencies.
- (b) **OPERATIONS OFFICER**  
With sound banking knowledge and experience especially in operations Doc-Credits, Bills, Lending and Foreign Exchange.

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For an expanding private investment group with wide ranging business interests in Europe, North America and the Pacific.

In this new post you will be concerned with monitoring the substantial international investments of the group, analysing new business proposals, and working with other senior members of the executive team in controlling the business. Overseas travel will be involved.

Probably aged over 35 you will have a business school or professional qualification and will now be at a senior level in international banking, corporate finance or a major corporation either in the UK or overseas. Commercial flair, flexibility, maturity and tact are essential attributes in this close knit and highly professional organisation and the man or woman appointed will be expected to make a strong contribution to the development of the business. Remuneration is for discussion and should not be a limiting factor.

Write in confidence to John Cameron, quoting ref. CF217, at 10 Bolt Court, London EC4 (telephone 01-583 3911).

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Management Selection Limited

## Director Business Development £20,000 +

Northern Telecom in the United Kingdom and the rest of Europe is in the middle of an exciting new expansion programme. Northern Telecom has just announced a new family of computer systems for the European market. This family of computer systems, named Vienna, is developed and manufactured in the UK.

Due to the rapid expansion of the business, Northern Telecom Data Systems is seeking a Business Development Director for its European Headquarters in Hemel Hempstead.

With the new business opportunities offered by the launching of this product family and expansion of its operations across Europe, the Company needs to strengthen and professionalise its business planning activities. Reporting to the Vice President Europe, this appointment has the responsibility for the formulation and monitoring of long-term business plans in order to ensure the orderly expansion of the business. The identification and assessment of business opportunities, the negotiation of supply agreements and representation agreements and the co-ordination of the planning activities of all corporate functions in Europe as they relate to the total world-wide corporate strategy are all intrinsic to the post.

The successful candidate will need an in-depth knowledge and experience of the computer

industry as well as a number of years' experience working in a business development role. International experience in sales, marketing and finance as well as the ability to work in other European languages would be an advantage. The age range is likely to be early 30's to mid-40's. An MBA or a degree in a numerate discipline or equivalent is seen to be a likely educational level.

Northern Telecom Data Systems is a wholly owned subsidiary of Northern Telecom plc, and is represented throughout Europe with its sights firmly set on being a leader in the computer information processing business in Europe. In return the company offers a first-class remuneration package including company car, pension plan and relocation assistance if appropriate.

Interested candidates, male or female, are invited to send a full cv or telephone Mr. David Hutton, Director of Human Resources Europe, Northern Telecom Data Systems Limited, Maylands Avenue, Hemel Hempstead, Herts. HP2 7LD. (Tel: 0442-41141).

**nt northern telecom**

## Finance Director

fmcg

West Country up to £25,000 + car

Our client is a subsidiary of a major fmcg company enjoying considerable success with its brands and demonstrating continued growth. This is a board appointment with a company whose turnover is in excess of £50 million. Responsibility is to the Managing Director for all aspects of finance and business systems.

Candidates for this appointment are likely to be in the age range of 33 to 40 and to be educated to degree level and to hold an MBA and/or a recognised accounting qualification. They will have spent several years in a senior financial post but will be expected to demonstrate a keen commercial awareness and an understanding of the role of the finance function in advising and assisting line managers in all relevant aspects of the business. In addition, candidates should have sound experience of current "state of the art" computer systems activities.

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City Based c£20,000

The Bond Broking department of a leading Broking House wishes to recruit a Dealing Manager. As Deputy to the Director in charge, the successful applicant's principle responsibility will be running the secondary market book, but will also include covering the primary book in the absence of the Director.

Candidates should therefore have a thorough knowledge of the primary and secondary markets and have the ability to develop the profitability of the department. The preferred age range is 25/35 and personality and maturity will be important attributes.

Interested candidates should write enclosing a full curriculum vitae to Martin B. Constable, Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting reference 224 or telephone 01-404 5751.

**TP**  
Michael Page Partnership  
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## Treasurer Money/Foreign Exchange/Bond Markets

Age 35-45 City c.£45,000 + benefits

As a result of the expansion of its money, bond and foreign exchange market activities, our client will shortly appoint, at a senior level, a treasurer whose responsibilities in the UK and Europe will include the following:

- \*The profitable management within prescribed limits of business conducted in major international financial markets.
- \*The development of services for existing and potential customers.
- \*The identification of new markets in the region and the organisation of an effective marketing programme.
- \*Ensuring that the department and its customers have an up to date knowledge of relevant economic and political factors.

This is a significant appointment with a bank that has an enviable reputation in the international currency markets. The successful candidate, who is likely to be working now within another international or merchant bank, will be expected to maintain its position as a bank in the forefront of treasury activity. He/she will have to have the ability to demonstrate to our client sound experience and a good track record in this area. The negotiation of highly attractive salary and benefits arrangements will not prove to be a problem for the right candidate.

Please apply to Jock Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG.  
Telephone: 01-242 5775.

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## Chief Executive

THE LAND AUTHORITY FOR WALES, a public body unique in Britain, exists to provide sites for residential, commercial and industrial development in the private sector of the Principality, where it aims to meet about one-third of annual demand for private residential land. Estimated net worth is approximately £10m.

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• THE LOCATION is Cardiff, the preferred age late 40s, and the salary circa £30,000.

Write in complete confidence  
to N. C. Humphreys as adviser to the Authority.

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## Syndication Manager

City up to £35,000 (neg) + bens.

The merchant bank subsidiary of an international bank, providing broad based Eurobond services to an impressive range of international institutions, sovereign borrowers and corporate clients, is growing rapidly in London and Europe.

They are now seeking a senior executive with substantial bond syndication experience in the London market. The successful applicant will run the New Issue Book, developing contacts with New Issue Houses and Managers and take responsibility for the pricing of deals. There will also be some corporate finance work involved.

The likely age is early 30's and there is a preference for candidates with a good educational background. Those interested should contact Nick Waterworth on 01-404 5751 or write to him at 23 Southampton Place, London WC1A 2BP quoting reference 3383.

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Michael Page Partnership  
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## Manager - Treasury

This is an important and challenging new appointment to be made at Vice-President level.

Responsibility will be for the policy, management, marketing and development of the Administrative, Funding, Money Market and Foreign Exchange trading activities of a well established U.S. bank in the City.

The Vice-President will be expected to devote a major proportion of time to FX trading utilising personal expertise to both expand and improve the technical skills and knowledge of the existing London dealing team.

Reporting to the Money Market Trading Manager in the United States, a further aspect of the position will be to develop and implement policies regarding the Bank's activities in the Financial Futures, Currency Futures and Options Markets.

All applications will be treated in the strictest confidence.

**Jonathan Wren** BANKING DIVISION  
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The successful candidate will be able to demonstrate a proven track record in marketing, a sound commercial background in the City and in applied information technology and is likely to have experience in at least one of the following areas:-

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- line management in the financial services sector
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An appropriate degree or professional qualification is a pre-requisite as is a high level of numeracy and skill in communicating original ideas and concepts.

The salary is negotiable in the region of £20,000 p.a. and the benefits include company car, non-contributory pension, private medical cover and life assurance.

If you think you have the necessary knowledge, experience and ability to carry out this demanding role, please write, enclosing full career details, to:

Personnel Department

**DATASTREAM INTERNATIONAL LIMITED**  
58-64 City Road, London EC1Y 2AL

## Senior Foreign Exchange Dealer

The newly established London Branch of Denmark's leading bank is seeking a Senior Dealer to join its expanding team of foreign exchange traders.

A minimum of 4 years recognised active dealing experience is required in most aspects of foreign exchange, with emphasis on spot trading. Some knowledge of deposit dealing will be advantageous to the successful applicant.

Salary will be commensurate with experience level.

Please reply in strictest confidence, with C.V., to:  
The General Manager,  
Den Danske Bank,  
Danske House, 44 Bishopsgate,  
London EC2N 4AJ.

**DEN DANSKE BANK**  
London Branch, Licensed Deposit Taker

## Banking Appointments

We have been commissioned by a newly created city based international banking organisation, to identify suitably experienced managers to join this fast growing financial operation, in senior positions:

### Chief Accountant c.£18,000

Qualified accountant with wide ranging financial control experience, preferably in a banking or financial environment. Ideally, he or she will be aged around 30, will have first hand computer accounting experience and the ability to head up a small team of accountancy professionals.

### Manager - EDP c.£17,000

A superb opportunity for a well experienced EDP manager to organise the implementation and subsequently control the data processing function of this "greenfield" operation. The successful applicant will be aged around 30 and able to prove a substantial managerial capability. Please apply with detailed CV's, in strictest confidence, to David Williams.

**Jonathan Wren** BANKING DIVISION  
170 Bishopsgate  
London EC2M 4LX  
01 623 1266

## FOREIGN EXCHANGE CONSULTANCY

The European subsidiary of a major U.S. bank is seeking consultants to join their highly successful team in Luxembourg.

### THE POSITION

The job involves foreign exchange and treasury consultancy to major international companies throughout Europe and the Middle East.

### QUALIFICATIONS

The candidate will have a master's degree in economics or an MBA and will be in their mid-twenties to mid-thirties. He/she should have worked for a multinational company/bank, two/four years in a treasury/finance position. A proficiency in English is essential and fluency in other languages would be an advantage.

Write in confidence with attached curriculum vitae:  
CONSULTING DIVISION, P.O. BOX 723, LUXEMBOURG

## Senior Dealer

Group Treasury

London

Candidates for this career opportunity, in their early 30's, must have at least 5 years' experience of, and proven ability in, an active front-line foreign exchange dealing environment. Knowledge of deposit markets and treasury and banking systems and accounts are essential. Responsibility, flexibility and a broad knowledge of money markets and economic, political influences are also important.

The total remuneration package will fully reflect the importance of the appointment. Excellent benefits include a non-contributory pension and relocation assistance, where appropriate.

Please write with details of qualifications and experience, quoting reference B.133, to:

Mrs. J. Wilkerson, Recruitment & Placement Branch,  
The British Petroleum Company plc,  
Britannic House, Moor Lane, London EC2Y 9BU.

**The British Petroleum Company plc**

## LOANS MANAGEMENT c.£17,000

Firm commitment to expanding domestic lending business has created the need for a loans administration manager within this leading European bank. Involving both staff and technical responsibilities, the role also offers regular contact at senior level on credit presentations. Suitable candidates should have exposure to credit committee procedures and a strong credit background, preferably gained with a clearing bank. Ref: FH

## BANKING ACCOUNTANT c.£17,000

The London branch of a leading US bank with a dramatic growth record is currently seeking to augment its accounting function. Handling all accounting and technical matters and reporting directly to the Centre Manager, the post also embraces special project work and tax planning. Prospects of early advancement are available to the successful candidate, who will be a qualified accountant with 2 years' commercial banking experience, demonstrating strong managerial abilities. Ref: FH

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The successful candidate, preferably aged under 35, should have at least two years' experience of international bond and money markets with a financial institution.

Good opportunities exist for advancement and a competitive salary, according to age and experience, with fringe benefits will be offered.

Applicants, of either sex, should write enclosing their curriculum vitae to: Frank Smith,  
Robert Fleming & Co. Limited, 8 Crosby Square,  
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## BEAMA LEGAL ADVISER

Applications are invited for the post of Legal Adviser to BEAMA, a Federation of British Electrotechnical and Allied Manufacturers' Associations. The post will be held by a qualified solicitor or barrister with experience in commercial and company law, and in particular detailed knowledge of the terms and conditions of the engineering and construction industries in the U.K. and overseas, and an ability to give practical commercial advice to Members. For details, including job specification and benefit indicators, please write, enclosing a current cv to:

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Deputy Director-General  
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Mature, practical, tough yet diplomatic candidates in the age range 35-45 should send adequate details in confidence to: Peter T. Willingham, (Ref: LM 15), at Spicer and Pegler Associates, Executive Selection, 56-60 St. Mary Axe, London EC3A 8BJ.

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Reply Box No. A8575, Financial Times, 10 Cannon Street, London EC4P 4BY.

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Gli interessati possono inviare il loro curriculum a Ing. C. Olivetti & C., S.p.A. - Direzione Selezione Assunzione del Personale - Via G. Di Vittorio 54 - 10015 IVREA (TO) - ITALIA, citando il rif. H/84.

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## Chief Internal Auditor

### Gulf Area

£25,000-£30,000+housing, etc.

Our client, a major financial institution based in the Gulf area, has a vacancy for an experienced Chief Internal Auditor.

The work entails the management of an internal audit department whose activities include the appraisal of all operating systems and supervising the implementation of changes.

Applicants, aged under 40, should be graduates with an accountancy qualification and possess at least five years' relevant internal audit experience.

Fluency in Arabic is essential.

Please write to M J B Ping, enclosing a detailed CV and quoting reference F/414/P at



**Ernst & Whinney** Management Consultants,  
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

## Bank of Botswana

### Deputy Director of Research

Applications are invited for the post of Deputy Director of Research in the Research Department of the Bank of Botswana—which is the Central Bank of Botswana. The post requires an economist with considerable experience in the following fields:—

- Monetary and Banking Policy
- Investment of Foreign Exchange Reserves
- Interest and Exchange Rate Policy
- Credit Policy
- Balance of Payment and Public Debt

The incumbent will help to formulate advice to the Bank and Government on issues of a macro economic nature. This post is available immediately.

The ideal candidate will have the following academic qualifications:—

- M.A. or Ph.D. plus at least seven years' approved work experience.

Salary: Contract Officer—Approximately P44,500 per annum including Inducement Allowance plus 25% tax-free gratuity, passages, education allowance etc. (Current rate of exchange: Pula 1 = U.S.\$0.8944.)

Applications, including a curriculum vitae, should be sent to the Director of Administration, Bank of Botswana, Box 712, Gaborone, Botswana.

Further details may be supplied on request.

### EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

## Financial Controller

27-35 required for a career not a job

Should be European trained with experience beyond his age — people orientated — mobile experienced — fire fighter but good housekeeper — man for all seasons — understanding intricacies — working in currencies of 5 continents — during reconstruction period of international group dealing in valuable items — must have potential to form part of executive team controlling 60 companies, 4 continents.

German, French essential, knowledge of Swiss banking imperative. Extensive travel first phase of 2 years.

Applicant should preferably be single due to working travelling commitments.

Reply to Box A8575, Financial Times  
10 Cannon Street, London EC4P 4BY.

## INTERNATIONAL APPOINTMENTS

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# Accountancy Appointments

## Financial Controller

c.£20,000 p.a.

Subject only to personal performance, this appointment will lead to the Board of the principal subsidiary of an international group. The company manufactures sophisticated electronic equipment used in high technology processing.

Reporting to the Managing Director, you will assume full responsibility for all accounting and financial activities: these include an IBM computer, foreign currency and ECGD matters. You will also contribute significantly to the evolution of corporate financial and general policies but practical day to day hands on involvement will be expected.

Suitable candidates (m/f) will probably be 30/35 years of age and definitely qualified as an accountant: a degree or MBA would be of additional interest. Experience must include line management, computerised accounting and budgetary control gained in a manufacturing environment.

In addition to the salary stated, there is a car, pension, life assurance, and BUPA. Relocation expenses to Surrey, where the position is situated are available if required.

Please write in strict confidence, briefly in the first instance, to R. Lambert (Ref. RP121).



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78 South Audley Street London W1Y 5TA  
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Independent Management Consultants

SAINSBURY'S  
**HOMEBASE**  
HOUSE AND GARDEN CENTRES

## Financial Analyst

Wallington - c.£15,500

Homebase Limited, the D-I-Y subsidiary of J. Sainsbury plc, is one of the fastest-growing companies in the UK, with fourteen stores already in operation and plans to double this within eighteen months.

The key position of Finance Analyst is being created. Responsibilities will range from profit forecasts and financial planning to investment appraisal and product profitability exercises. There will also be involvement in financial public relations and competitor analysis.

Candidates should be young Chartered Accountants of high potential, keen to

learn and to accept the personal demands imposed by dynamic and sustained growth. Attitude and ability are more important than specific experience. Career prospects will be excellent.

Please write in confidence, enclosing career details and quoting reference 3964/L to N. P. Halsey, Peat, Marwick, Mitchell & Co., Executive Selection Division, 165 Queen Victoria St., Blackfriars, London EC4V 3PD.

**PEAT MARWICK**

## Financial controller

West country, to £20,000



For a publicly owned construction and civil engineering business located in the south west with turnover of around £15m.

Reporting to the Director of Operations you will control the entire financial function. Of particular importance will be your involvement in implementing computer based systems now being developed by consultants and the commercial contribution you will make in assisting colleagues in the profitable development of the business.

A qualified accountant, you must have had extensive experience in computer based financial and management accounting, job or contract cost control and asset management.

Résumés including a daytime telephone number to B S Grossman, Executive Selection Division, Ref. GF018.

**Coopers & Lybrand associates**

Coopers & Lybrand Associates Limited  
management consultants

Fleetway House 25 Farringdon Street  
London EC4A 4AQ

## ACCOUNTANT

A young qualified accountant is required by a small but expanding construction group operating worldwide with headquarters in South Essex. The applicant to have the ambition to participate in the expansion of the group, assist with financial controls and also with the implementation of a computer system. Salary by arrangement.

Reply with full particulars marking envelope reference SL to:

**HARRIS LIPMAN & CO.**

Chartered Accountants

High Holborn House, 52/54 High Holborn, London WC1V 6RL

## SYSTEMS REVIEW - INTERNATIONAL BANKING

£16,000 - £24,000 A.A.E. + Bank Benefits

A.C.A.'s 28-35  
City of London

Our client, one of the world's major commercial banking groups, is seeking to recruit a Computer Systems Review Specialist. He or she will join a small, highly skilled and mobile team involved in the review of new and existing EDP systems both in the U.K. and overseas, the development of computer audit techniques, and security procedures.

Candidates should, ideally be able to demonstrate at least three years' computer audit experience within a major firm of Chartered Accountants and will have reached the level of Assistant Manager/Manager. Previous experience of the computer audit function within banking is desirable and experience of the use of independent interrogation program packages is essential. Candidates should have a high degree of self motivation, show first class communication skills, both written and verbal, and also be prepared to travel worldwide when requested for periods of up to four weeks. There is a natural progression within the Bank's network showing long-term career prospects to be good for the right candidate.

We have prepared a detailed information handout on this appointment which can be obtained by contacting George Osmrod BA (Oxon) or Robert N. Collier on 01-836 9501 or by writing with your CV to Douglas Llambras Associates Limited at our London address quoting reference No. 4474.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

**DOUGLAS LLAMBRAS**  
Douglas Llambras Associates Limited  
Accountancy & Management  
Recruitment Consultants



## FISONS Financial Manager

East Midlands

c.£17,000+ Car+Bens.

Our client, the Pharmaceuticals Division of Fisons plc, is involved in the manufacture and marketing of ethical and proprietary drugs with 75% of turnover attributable to overseas activities. Record growth over recent years has created the need for a high-calibre Financial Manager to be based at Divisional Headquarters.

Responsibilities will include business evaluation, operational trouble shooting and acquisition analysis on an international basis. The incumbent will also co-ordinate divisional controls and policies and provide Regional Directors with broad-based financial advice.

Candidates for this senior appointment will be Qualified Accountants aged 28-33, with proven exposure to the international market place. A strong outward going personality is essential as is genuine commercial flair, persuasive power and the willingness to undertake overseas travel.

This challenging and extremely varied role commands a highly competitive remuneration package along with generous relocation expenses where appropriate. Long term career prospects are outstanding.

Candidates should write to Dean Gollings, enclosing a comprehensive curriculum vitae, quoting reference B6157, at 24 Bennetts Hill, Birmingham B2 5QJ.



**Michael Page Partnership**  
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## FINANCE DIRECTOR (DESIGNATE)

THAMES VALLEY

£20 - 22,500 + car + bonus

A successful micro-computer company aiming for a USM quotation at the end of next year wishes to strengthen its Board of Directors by appointing a financial executive of proven ability. The company, which possesses distribution rights for two of the leading manufacturers of 16 and 32 bit single and multi-user micro-computers and which is managed by a sound and experienced team, is well placed to achieve its ambitious expansion plans.

The Finance Director (Designate) will be expected to inject commercial flair into the organisation, ensuring that profits grow at least as rapidly as sales. Responsibilities, which cover all aspects of the accounting and administration functions, call for the willingness to be involved in day to day matters as well as the capacity to participate in high-level negotiations and decisions.

Applicants, who must be qualified accountants and are unlikely to be under thirty, should combine practical experience of working for a small concern with exposure to larger company systems and disciplines. They should also be used to operating in an environment characterised by fast growth and constant change.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref: 2163 to G.J. Perkins, Executive Selection Division.

**Touche Ross & Co.**

Hill House 1 Little New Street London EC4A 3TR Telephone: 01-353 8011

SAINSBURY'S  
**HOMEBASE**  
HOUSE AND GARDEN CENTRES

## Financial Accountant

Wallington  
Surreyc.£15,000  
+ Profit Share

Homebase Ltd., is the successful and rapidly expanding subsidiary of J. Sainsbury plc. Just three years old, the company presently comprises 14 major trading units which will double in the next 18 months with an ambitious programme of openings beyond.

Reporting directly to the Chief Accountant, this is an excellent opportunity to develop management skills within a sophisticated centralised finance function. The need to react to situations that arise in a high growth environment will add to the challenge of this key development role.

The Financial Accountant will manage a rapidly expanding staff, presently numbering 14. Responsibilities will include both management and statutory accounts, fixed asset control and cash management. The position also demands considerable involvement with the development of computerised in-store systems.

Suitable candidates, aged c30, will be qualified accountants possessing either a strong financial or management accounting background gained within a retail or multi-unit operation.

Please apply directly to Jeff Groat.

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2587, 2589, 2591, 2593, 2595, 2597, 2599, 2601, 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623, 2625, 2627, 2629, 2631, 2633, 2635, 2637, 2639, 2641, 2643, 2645, 2647, 2649, 2651, 2653, 2655, 2657, 2659, 2661, 2663, 2665, 2667, 2669, 2671, 2673, 2675, 2677, 2679, 2681, 2683, 2685, 2687, 2689, 2691, 2693, 2695, 2697, 2699, 2701, 2703, 2705, 2707, 2709, 2711, 2713, 2715, 2717, 2719, 2721, 2723, 2725, 2727, 2729, 2731, 2733, 2735, 2737, 2739, 2741, 2743, 2745, 2747, 2749, 2751, 2753, 2755, 2757, 2759, 2761, 2763, 2765, 2767, 2769, 2771, 2773, 2775, 2777, 2779, 2781, 2783, 2785, 2787, 2789, 2791, 2793, 2795, 27

# Accountancy Appointments

## Senior Financial Accountant

This quoted international investment group, one of the largest and most successful in the UK, is reorganising its finance function as a result of recent internal promotions.

Reporting to the Group Accountant, this new role offers a broad spread of responsibilities and substantial scope for achievement. The work will combine the consolidation of the group's management reports, the implementation of sophisticated computer systems and a variety of planning and accounting projects to enhance procedures and management control.

The requirement is for an energetic qualified accountant with several years' relevant commercial experience, coupled with commercial flair, a practical mind and the ability to develop quickly in this highly professional organisation.

Age: late 20's.

Remuneration: around £18,000 plus car and other excellent benefits.

Location: Central London.

Please write in confidence to Susan Wallworth. All replies will be forwarded direct to our client. List separately the names of any companies to whom applications should not be forwarded.

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## SENIOR FINANCIAL MANAGEMENT ACCOUNTANT

The Department of Health and Social Security is responsible, through Regional and District Health Authorities, for an annual expenditure of nearly £10 billion on hospital and community health services in England.

The successful candidate will assist and monitor the development of improved financial management in health authorities, including management budgeting. This is an opportunity to develop the application of management accountancy in the complex environment of a modern health service requiring the development of appropriate financial management arrangements for a wide range of medical and other resources devoted to patient care.

Candidates must be Chartered, Certified, Cost and Management or Public Finance Accountants. Recent substantial experience at a senior

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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level in management accountancy in the NHS or a large industrial organisation is essential. Practical experience of implementing new budgeting systems which improve the management of resources is desirable. Applicants must also have good communication skills (including public speaking) and a willingness to spend a significant amount of time visiting Regional and District Health authorities throughout England.

Unless filled by an established civil servant, the London-based appointment will be initially for 3 years with the possibility of extension or permanent appointment. Secondment terms may be possible.

Salary: £20,490 - £24,405. Starting salary may be above the minimum. Relocation assistance may be available.

For further details and application form (to be returned by 10 May 1984) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 88551 (answering service operates outside office hours). Please quote ref: G/6195/3.

## Group Financial Controller

Oxford

£33,000 + car

Our client, a UK public company with considerable international interests, is a manufacturing group with an annual turnover of £50 million. It has achieved a steady pattern of growth both organically and by acquisition and currently seeks a qualified accountant to head the total group's financial function.

As a key member of a strong management team, reporting to the Group Managing Director, the role places considerable importance on effective communication with the operational management and the expansion of data processing throughout the group. In addition, the successful candidate will be expected to make a positive contribution to the assessment of potential acquisitions.

Candidates, preferably FCMA's, are unlikely to be aged under 35, and will have manufacturing coupled with treasury experience. For an individual who satisfies these requirements a future Board appointment is envisaged and the attractive remuneration package includes a performance related bonus.

Candidates should write, enclosing a comprehensive curriculum vitae to Nigel Hopkins, FCA, Executive Division, quoting ref. 117, at PO Box 143, 31 Southampton Row, London WC1B 5HY.

**MP**

Michael Page Partnership  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## COMPUTER CONSULTANCY PARTNER DESIGNATE

NEGOTIABLE FROM £20,000 + CAR

ACA's 28-35

City of London

Our client is a long established medium sized firm of Chartered Accountants seeking to develop its computer consultancy services to clients at Partner level. This is a rare opportunity for a Manager level Chartered Accountant (male or female) to achieve partnership within a year - eighteen months in this highly specialised area.

Candidates will be considered from computer consultancy departments within public practice, management consultancy, commerce or industry. Whilst technical expertise in hardware selection for 'first time users', software advice, implementation and user review, coupled with a small element of computer audit is obviously important, so equally is an extrovert personality, high degree of self assurance and excellent communication skills.

For more information please contact George Osmund BA (Oxon) or Gary Johnson on 01-836 9501 or write with CV to Douglas Lambias Associates Limited at our London address quoting reference No 4473.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
3 Colinton Place, Edinburgh EH3 7AA. Tel: 031-225 7744

**DOUGLAS LAMBIAS**

**DIA**

**HERON**

## Financial Director

Wiltshire

£ neg + car + reloc.

Heron Corporation is one of Britain's largest privately-owned and most diverse groups, which has consistently grown since 1965, both organically and by acquisition. Our client, a Heron multi-locational transport subsidiary, now seeks a high calibre Financial Director.

Candidates will ideally be ACAs, in their mid-30's, with previous experience in a transport/service industry environment. It is likely that the successful applicant will currently be working as a divisional Accountant/Financial Controller in a major group.

Participating at divisional board level, the successful candidate will be responsible for the administration of the finance function. Direct contribution to profitability and growth are key to the successful fulfilment of this role, as is the development of meaningful business systems.

As a consequence, numerate skills are not enough; the successful applicant must also demonstrate commercial acumen and a proven decision making capability within a comparable business environment. Candidates should write, enclosing a comprehensive curriculum vitae to Adrian Wheale, ACMA, ACIS, at 24 Bennett's Hill, Birmingham B2 5QR, quoting ref. B6156.

**MP**

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London New York  
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## HUNTER SAPHIR LTD.

Hunter Saphir has a turnover of approximately £70m and is engaged in food production, marketing and distribution.

It operates through five subsidiary companies:

Hunter Farms Ltd., Hunter Produce Ltd.,  
Hunter Distribution Ltd., Saphir Foods Ltd.,  
Hunter Properties Ltd.

The continued expansion of the group through a controlled policy of development and acquisitions by each subsidiary, makes necessary the following appointments:

### GROUP CHIEF ACCOUNTANT

Based at head office in Faversham, Kent, the successful applicant will be responsible for all group accounting matters. Applicants will preferably have experience in a similar position in a large organisation.

### FINANCIAL CONTROLLER

Based at head office of Hunter Produce Ltd., in the London Fruit Exchange, E.C.1, the successful applicant will be responsible for all accounting matters within this large subsidiary and in particular will, with the assistance of the group Data Processing Manager, be responsible for constantly updating computer systems

so as to ensure continued total efficiency in a fast growing, fast moving, high turnover business. The successful applicant will be capable of being an important member of the Management team.

Applicants for both these important positions must be professionally qualified accountants with several years experience at senior level.

Salary for both positions, which will not be less than £20,000 p.a., will be by negotiation; but the level is unlikely to be an obstacle for the right persons. A company car will be provided and attractive terms of employment will be offered as appropriate to a large group, including assistance with relocation expenses if necessary.

Applications in confidence to:

Mr. D. Mollison, Finance Director,  
Hunter Saphir Ltd., Eurocentre, Whitstable Road,  
Faversham, Kent ME13 8BQ.

**HUNTER SAPHIR LIMITED**



## Special Projects Accountant

Wiltshire

£15,000

Our client, backed by a major public company, is the market leader within its highly competitive field and has an impressive record of growth in the UK and overseas.

In this new post you will work closely with senior financial management on a number of special projects in a rapidly changing marketing environment, and be concerned initially with upgrading management information and improving financial control and reporting procedures. You will liaise with other senior managers on their information needs and requirements and play an important role in the development of new systems, investment appraisal and financial planning.

Probably still in the profession, you will be in your 20's and have at least two years post qualification experience. If you have drive and ability there should be every opportunity to make rapid progress within this lively organisation. Generous relocation expenses are available.

Write in confidence to John Cameron, quoting ref. C219, at 10 Bolt Court, London EC4A 3DF (telephone 01-583 3911).

**Chetwynd Streets**

Management Selection Limited

## SYSTEMS AND MANAGEMENT ACCOUNTANT

Chemical Industry

Cambridgeshire

£12,000

The Systems and Management Accountant will assist in the maintenance and further development of management information and reporting procedures. He/She will take an active part in business analysis and planning.

The importance of this appointment in an expanding and dynamic international organisation is reflected in our clients' preference for a graduate who has qualified recently as a Chartered or Management Accountant. Although previous experience is not essential, we shall seek evidence of professional skill and real enthusiasm for career progression.

Please ask for a career history form or send full details to:

D. Bryan Andrews Associates  
Management Selection,  
St Martins House, 29 Ludgate Hill,  
London EC4M 7BQ. Tel: 01-248 8033.

## Finance Director

Major new hospital in Saudi Arabia  
\*£38,200 tax-free p.a. Career Position

The National Guard King Khalid Hospital near Jeddah is one of Saudi Arabia's new generation of total care, high technology hospitals.

Working closely with the Hospital Director, the Finance Director will be responsible for assessing the financial implications of hospital policy decisions and for managing and developing fully computerised financial reporting and accounting systems.

The seniority of this role demands a qualified accountant with a total of 15 years post-qualification experience gained in commercial or professional practice; 5 years of which should have been gained at senior management level in a major organisation and preferably 2 within a hospital environment.

The hospital is managed by the International Hospitals Group (IHG) and offers extensive sports and recreational facilities. You'll enjoy excellent furnished accommodation for you and your family, 49 days annual leave with free return flights to the UK and generous education allowances.

Preference will be given to suitably qualified Saudi Arabian nationals and to other Arabic speaking personnel.

\*The salary has been converted at the present exchange rate of SR5.1=£1. Please write enclosing a copy of your cv to the General Manager, Manpower Services, IAL, Manpower Services, Aeradio House, Hayes Road, Southall, Middx. UB2 5NJ.

**INTERNATIONAL HOSPITALS GROUP**

# Accountancy Appointments

## Accountants

to £16k  
London and the North East

As a world leader in the design and manufacture of advanced capital electronics systems, with both civil and military applications, our client is at the forefront of one of the U.K.'s fastest growing sectors.

They have important offices in London and the North East where promotion and expansion has created a number of opportunities for young, qualified accountants to take up management roles. All positions involve extensive dealings at a senior level necessitating good interpersonal skills in addition to professional accounting competence. Experience of government accounting practices would be particularly useful as would the ability to improve and develop existing Company accounting systems. In the case of the London assignment the necessary experience to act as Company Secretary to a consortium venture, would be an asset.

These are seen as developmental assignments for ambitious individuals who will make subsequent moves into senior roles within the Company. An attractive starting salary is complemented by an excellent benefits package which includes assistance with relocation where appropriate.

Please send a detailed cv to Confidential Reply Service, Ref ACA 8968 Austin Knight Advertising Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

**Austin Knight Advertising**

## Accounting in Energy

Two challenging opportunities for ambitious accountants

Total Oil Marine, a wholly-owned subsidiary of a major French energy Group, is a substantial North Sea operator supplying nearly 40% of the UK's natural gas. The development of the Alwyn North field as an important new source of energy exemplifies our commitment to an expanding programme of offshore activity. This expansion has created the need for two accountants who will play active roles in teams where flexibility, the capacity to work under pressure, and effective communication skills are essential.

### Venture Accountant

Within the Alwyn Project team, you will be involved across a broad spectrum of operational activities, responsible for the production and quality of accounting output. A qualified accountant, with 2-4 years' recent experience in a substantial company, you must have had broad exposure to a variety of accounting systems, preferably in a project/contracting environment.

We offer competitive salaries and provide a comprehensive benefits package. Please send your cv to Alison Musgrave, Personnel Officer, or telephone for an application form on 01-493 6904. Total Oil Marine plc, Berkeley Square House, Berkeley Square, London W1X 6LT.

### Assistant Accountant

Reporting to the Financial Accountant, you will be responsible for controlling and maintaining records of inter-company transactions within the international group and will assist in the production of management and financial accounts. A part-qualified accountant, you must have at least 3 years' commercial experience and good exposure to computerised accounting systems, including financial modelling.

**Total Oil Marine**

Bringing energy ashore

## Finance Director Designate

Surrey

Our client is a small privately owned company, which manufactures and leases a range of specialised garage forecourt equipment to many major oil companies. Since its inception three years ago, the company has grown rapidly and anticipates further significant increases in turnover, together with a flotation on the USM within two years.

A Finance Director Designate is now required to take responsibility for, and become personally involved in, the accounting and finance functions, incorporating the production of monthly computerised accounts and management information.

Prospective candidates, (probably under 30) will be Chartered Accountants, currently earning in excess of £16,000, who can take an active interest in the business at all levels and make a valuable contribution to the future success of the company.

An excellent package is envisaged including a company car and other benefits.

Candidates should write to Andrew Sales, FCCA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref. 115, at PO Box 143, 31 Southampton Row, London WC1B 5HY.

**TP**

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## Head of Internal Audit

Overseas travel from the South Coast c.£20,000 + car

A recent promotion has created this opening in part of a US-owned multinational group with extensive financial services operations.

Reporting directly to both the local Finance Directors and the parent company Board, you will be principally responsible for the conduct and review of diverse audits and the appraisal of proposed and existing EDP systems at units in England, West Germany and The Netherlands.

A graduate qualified accountant, probably in your 30s, you must have gained sound and extensive audit experience preferably with one of the large accountancy

firms, and be able to demonstrate a real interest in and familiarity with computer audit techniques. You should also be outgoing, matter-of-fact, and be prepared to spend up to 50% of your time overseas, at least initially. A knowledge of German would be useful.

Usual benefits plus relocation assistance where necessary. Please send full cv quoting Ref: R2954/FT, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)

**PA**

**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.  
Tel: 01-235 6060 Telex: 27874

## European Operational Auditor

RECENTLY QUALIFIED  
ACCOUNTANT

Cheshire based C.£13,000 + Car

Young accountants seeking the opportunity to travel and varied job content will find this position particularly appealing. Our client is a diverse £1500M American Corporation with operating subsidiaries in 12 European and 6 UK locations.

This is an additional appointment to the established audit team. Key tasks will include the evaluation of internal controls of both an operational and financial nature, the review of management information systems and ad hoc investigations. Well developed verbal and written communication skills are essential. A working knowledge of French and/or German would be valuable.

This is clearly defined as a career development route to financial management positions within the corporation. The attractive remuneration package is supported by a non-contributory pension scheme and relocation expenses.

Males or female candidates should apply for our confidential form quoting Ref: 653/FT.

**Wickland Westcott & Partners**  
Executive Selection/Management Development  
Eagle Star House, 10a Alderley Road, Wilmslow, Cheshire SK9 1QY  
Tel: (0625) 332446

Salary range £12,000—£14,000

A progressive Building Society in central London seeks an ambitious, qualified

## ACCOUNTANT

to strengthen the finance team and to develop new systems of financial modelling and budgetary control. The job will also involve assistance with liquid funds management and making optimum use of the Society's new computerised accounting systems.

The successful candidate is likely to be 27-35, either ACA or ACCA, with several years' experience in a financial environment and the capacity to advance to a position of greater responsibility.

The remuneration package includes generous staff mortgage facilities, pension scheme, etc.

Write with full cv to Box AB562, Financial Times  
10 Cannon Street, London EC4P 4BY

## Investment Accounting

Provident Mutual, an established Life Assurance and Pensions office, requires a

Senior Accounting Assistant,  
Investment Department  
(age 25 to 30)

The job involves maintaining the capital and income accounting system for Stock Exchange investments (U.K. and overseas). An accounting background with some formal training or qualification is essential. A knowledge of Stock Exchange practice would be an advantage. Ability to cope with high pressure a prerequisite. Progressive salary starting around £8,335. Non-contributory pension and associated benefits, free lunches, flexible hours, season ticket loan, four weeks leave and after qualifying period low cost house purchase facilities.

Please write giving age and details of education/qualifications and experience to: Miss J. Eusdice, Personnel Department, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

## FINANCIAL SPECIALISTS

### High Technology

### Medical Equipment

Diagnostic medical imaging is a growth area of technology. As a leader in the industry, Picker International invests substantially in research and development and, by using advanced business systems, aims to improve further its efficiency in manufacture and administration. Picker International offers outstanding opportunities to able financial specialists who are also self-motivated.

### Financial Planning Manager

Who will need sound analytical and management skills and have responsibility for profit budgets and forecasts, recommending cost savings, pricing strategies and capital appraisals.

Candidates should be qualified accountants with at least 3 years' post qualification experience covering financial analysis and capital appraisal.

### Internal Auditor

An ideal opportunity for a recently qualified accountant interested in starting a challenging

industrial environment. The main tasks will be to develop internal controls where needed and ensure these are workable and maintained.

Candidates should have had previous experience of manufacturing and assembly operations, gained from a professional accounting firm.

### Sales Accounting Manager

With a staff of 7, responsible for sales invoicing and credit control, shipping documentation, import/export and duty drawback. For this position formal qualifications are less important than success in a similar accounting function.

Successful candidates will be offered competitive salaries and career opportunities. All will report to the Finance Director.

Please send full career and personal details to: Trevor Fawcett, Picker International Limited, P.O. Box 2, East Lane, Wembley, Middlesex, HA9 7PR.

**PICKER INTERNATIONAL**

A WORLD LEADER IN MEDICAL DIAGNOSTIC IMAGING

## EUROPEAN AUDITOR

salary c.£15,000  
with excellent prospects

National Semiconductor Corporation designs, manufactures and markets worldwide a broadline of semiconductor devices; point of sale terminal systems; and markets IBM-compatible computer products through its National Advanced Systems subsidiary. National has over 20 locations in Europe across three divisions.

The company is seeking an experienced auditor who can conduct financial, operational and EDP reviews throughout the company's European operations. The position entails interaction with senior international management within a 50% plus travel schedule and requires imagination and initiative in the carrying out of reviews without on-site supervision.

The management style, like the technological and marketing environment, is fast moving and responsive. Responsibility is to the European Audit Manager who in turn reports to the Director of Internal Audit at the corporate headquarters in Santa Clara, California. Prospects are excellent within this expanding multi-national Corporation.

The successful candidate will be a qualified graduate accountant, aged mid-late twenties, and with internal audit experience in an international environment. A working knowledge of a second major European language is essential. EDP experience would be a distinct advantage.

Please write with full CV and daytime telephone number to:

Mrs. Cathy O'Rourke  
National Advanced Systems (Europe) Corporation  
John Bosch House, 277 London Road, Isleworth TW7 5AX

**NS**

**National Semiconductor**

## Financial Management in HM Treasury

There are 5 senior posts for management accountants to work in the Treasury divisions responsible for the oversight of expenditure by Government departments or in a management accounting unit in the Cabinet Office providing accountability input for major efficiency studies. Posts may also involve providing advice and assistance to the Treasury and other Government departments on various management accounting matters, and assisting in the design and implementation of improved accounting and management information systems.

Candidates must be Chartered, Certified, Cost and Management or Public Finance Accountants or be eligible for admission. Experience of the operation of management accounting systems (including budgetary control) is essential, as is the ability to apply the concepts and principles of

accountancy to new situations, and an enthusiastic dedicated approach towards better financial management in its broadest sense. Experience in the design and implementation of systems, conducting efficiency studies, or consultancy work would be particularly valuable. Knowledge of the central government financial and accounting organisation and systems end of computer based systems would also be helpful.

Salary: As Principal Accountant £13,645-£17,905. Starting salary according to qualifications and experience. For further details and an applications form (to be returned by 4 May 1984) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote ref: G(3)686/2.

The Civil Service is an equal opportunity employer

# Accountancy Appointments

## International Tax Advisor

Central London

c£28,000 + car

Our client is a major multinational with diverse worldwide activities. A highly professional tax specialist is now sought to become involved with the finance operations' complex tax planning affairs at a managerial level. Candidates will be graduates with a financial or legal background and ideally possess a secondary business qualification. A minimum of five years tax experience, possibly gained in the profession is essential. Applicants will currently be working at senior management level and should preferably have had previous commercial/industrial exposure, a substantial proportion of which will have been international in nature. Age indicator: 29-36. Mobility, numeracy, persuasive skills and an acute commercial approach are essential for this challenging role. Furthermore the ability and social disposition to negotiate effectively with international external parties at the highest level is vital. Candidates should write, enclosing a comprehensive curriculum vitae to John Sheldrake, Executive Division, quoting ref. 112, PO Box 143, 31 Southampton Row, London WC1B 5HY.

**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Group Finance Director

Swansea

£20,000+ profit share + car

Our client is a highly profitable and successful private company, engaged in the construction/civil engineering sector with a current turnover of £5 million. Motivated by a policy of growth, it is estimated that the turnover will exceed £10 million within 3/4 years, culminating in a flotation on the USM. The company is also involved in the retailing of ceramic materials through three operating outlets with further plans for expansion. A professional financial executive is now sought to take full responsibility for all financial matters of the company. This will involve a total review/re-organisation of the accounting function and assessment of reporting systems, including monthly analysis/budgeting/forecasting and cash flows. Reporting to the Board, this active role demands total commitment and the ability to guide the company through the next phase of anticipated expansion. Applicants will be high calibre qualified accountants (age indicator: late 30's - early 40's), who must have had financial experience gained in the construction industry. Flexibility, assertiveness and the potential to work as part of a professional team in a demanding yet informal atmosphere are all seen as essential qualities. Commercial awareness and the entrepreneurial spirit to make a significant contribution to the future success of the company are also absolutely vital. An attractive remuneration package including profit share and a company car will be offered to the successful applicant and reasonable relocation expenses are available. Candidates should write to Philip Cartwright, ACMA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref. 113, at PO Box 143, 31 Southampton Row, London WC1B 5HY.

**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Dynamic Young Accountant

"for a key role in  
Currency & Fund Management"

SOUTH LONDON

Sainsbury's is one of the UK's largest, most successful food retailers. This post offers the opportunity to join our professional financial team based in South London and will ideally suit a qualified accountant (ACA, ACCA, ACMA) who has around two years post qualification experience. A knowledge of fund management would be useful. Prime responsibilities will be for all aspects of cash currency investment/borrowing including the management of sterling funds; arranging currency contracts, budgeting and forecasting company funds and liaison with banks and other financial institutions. You will also be responsible for the development of a micro-computer funds management system to enhance the existing forecasting and reporting methods. An attractive salary will be offered supported by a substantial benefits package which includes BUPA, plus profit share and share option schemes subject to service and qualifications. This post can offer excellent development opportunities, security and first class career prospects in line management within the Sainsbury's group of companies. Please send full details to Leslie Thompson, Recruitment Manager, J. Sainsbury plc, Wakefield House, Stamford Street, London SE1, or telephone 01-921 6576 for an application form.

**SAINSBURY'S**

GATWICK HANDLING LIMITED Europe's leading aircraft handling agent, wishes to appoint:

## Assistant Finance Manager

We are looking for someone newly qualified (A.C.A., A.C.C.A., A.C.M.A.) or MBA, ambitious and self-motivated, able to assist with the financial management of a company with an annual turnover of £11.5m to join our young and progressive management team. You will be required to work closely with the Finance Manager providing ongoing and relevant financial information on margins, customer profitability, credit control and other key performance indicators. Also, assume responsibility for the preparation of the financial accounts and general administrative duties including company payroll functions contained in the 'Keintze' minicomputer system, and the supervision of a team of clerical and accountancy staff. We offer an attractive salary, excellent working conditions, generous holiday and travel concessions PLUS the unique challenge of contributing at a senior level to the success of today's most progressive aviation industry in a dynamic and international environment. If you feel you can meet our challenge, write enclosing full personal and career details and a passport size photograph to: Mr. A. J. Gokemott, Personnel Manager, Gatwick Handling Ltd., Gatwick Airport - London, Gatwick, Sussex.



## INTERNATIONAL TROUBLESHOOTERS

BERKSHIRE based neg. to £15,000 + benefits

As a direct result of promotion, TWO young ACA's aged 22-28, preferably graduates, are sought by a world leader in the manufacture and distribution of high technology products. Our client seeks ambitious, hard-working but sociable communicators able to fit in easily within teams of 2-5 people working on projects lasting normally 2-4 weeks at locations in the larger territories of FRANCE, GERMANY and ITALY. Next major locations are SWITZERLAND, HOLLAND, BELGIUM and LUXEMBOURG combined and significant annual turnovers are accounted for in AUSTRIA, DENMARK, FINLAND, SWEDEN, SPAIN, PORTUGAL and ISRAEL. Whilst a second European language would be advantageous, the company's business language is English. Candidates should, however, be single in view of the high travel content nature of the job. Please contact GEORGE D. MAXWELL, Managing Director.

## FUTURE IN FINANCE?

GRADUATE ACA PACKAGE (neg) to £16,500 + NCP

Based in LONDON'S West End, our client seeks a graduate ACA aged c. 23-30. Subsidiary of a U.S. FORTUNE 500 CORPORATION, the company is a Licensed Deposit Taker with major interests in financing, H.P. and leasing. Assets are in excess of \$65m and there are affiliates in the USA, SINGAPORE and AUSTRALIA and European offices in SWITZERLAND and BELGIUM. Highly promotable, the successful candidate will initially supervise a small accounts dept. However, the fast growing nature of this international finance operation offers scope for varied and expanding management involvement.

## OIL COS.

LONDON/KENT

£16,000-£18,000

FOUR VACANCIES in 3 OIL companies involving:  
(a) financial planning and forecasting and consolidations.  
(b) update and improvement of accounting systems.  
(c) financial analysis.  
Candidates should be qualified ACA/ACCA/ACMA aged 22-30. Oil company experience a distinct advantage.

Please telephone and send career details to:

Barry C. Skates

ACCOUNTANCY APPOINTMENTS EUROPE.

1-3 Mortimer Street, London W1N 7RN.

Tel: 01-637 5277 (12 Lines)

## Accountancy Appointments

### Group Financial Controller

(Finance Director Designate) £24,000 + Bonus  
Our client, specialising in the IBM computer field, urgently seeks a qualified accountant aged 35-38 years, highly skilled in European tax and accounting methods, to assume overall responsibility for financial control of European subsidiaries. Good business acumen and profit awareness must number amongst your personal attributes.

**Major US Bank - ACA's** £16-£22,000 + Car  
Two vacancies exist for "top 8" ACA's, aged c28 years, with several years experience of US bank accounting systems. Responsibilities will include supervision of B of E, management, financial and statutory accounting systems, budget forecasting and personal involvement in feasibility and performance studies. Candidates must have high interpersonal skills and in depth experience of sophisticated computer systems.

**ACA/Leasing Controller** £18,000 + Bonus + Bank Benefits  
We seek applications from ACA's aged 27-35 years, with several years experience of big ticket leasing/project finance control. Key responsibilities will be: analysis of rates, deal performance, tax changes, documentation, pricing and structuring of large domestic and European transactions.

**Accountant** £13-£15,000 PA + Benefits  
We seek a high calibre ACA, c27 years, with several years large commercial/financial company experience to become directly involved in Head Office management accounts and taxation. Travel to European subsidiaries is envisaged - hence fluency in French or German would be ideal. Please telephone or send detailed CVs to Jill Backhouse. Applications will be dealt with in strict confidence.

**Jonathan Wren** ACCOUNTANCY DIVISION  
170 Bishopsgate  
London EC2M 4LX  
01 623 1266

## Management Accountant

Central London c£18,000 + car

Our client is a major international British public company involved in the processing and merchandising of foods and key raw materials. Diversity of interest, both geographically and by product, continues to provide strength to the group whose UK operations are well established, expanding and profitable.

The Group Operations Controller requires an experienced Accountant to take responsibility for a wide range of functions with a large number of its UK subsidiaries including financial planning and analysis, development of MIS, budgeting and capital expenditure procedures, controls improvement, and various ad hoc exercises.

Candidates, aged 26-32 and preferably graduates, must be qualified Accountants with some management accounting experience. A mature, resourceful personality who is capable of achievement in an unstructured corporate environment, is likely to prove successful. The attractive remuneration package includes big company benefits and career prospects are excellent.

Please write, in complete confidence, with full career details and quoting ref. no 1498 to Mike Hann who is advising on this appointment.

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One Old Bond Street,  
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DIVISION OF DOUGLAS AND CO.

## Product Accountant

Cheshire Circa £13,000

This is a newly created position which will form part of a team of two qualified accountants responsible for providing a professional support service to the product management group of the company. Our client is part of a large profitable worldwide organisation and is involved in the development and manufacture of a range of technically complex products.

The successful applicant will form the link between Financial and Marketing management and be responsible for analysing and interpreting information on product costs and profitability. Candidates, preferably of graduate status will be aged 25-30 and be qualified accountants. Experience in manufacturing industry either in financial or management accounting is essential.

Career prospects are outstanding. Benefits include an excellent contributory pension scheme and assistance where necessary with relocation. Male or female candidates should apply for our confidential form quoting Ref: 636/FT

**Wickland Westcott & Partners**  
Executive Selection/Management Development  
Eagle Star House, 10a Alderley Road, Wilmot, Cheshire SK9 1QC  
Tel: (0625) 532446

## Group Tax Manager

West Midlands

Salary £16-17K - Car

Our client is a U.K. based multi-national group of companies who is seeking a Group Tax Manager to join the central finance team based at their Head Office in the West Midlands.

This vacancy has arisen through an internal promotion and offers an excellent career opportunity for a creative tax specialist to co-ordinate the tax management of the group throughout the world.

The successful applicant (male/female) is likely to be a chartered accountant with a minimum of 3 years specialist international tax experience in a multi-national group or large professional firm. A fully competitive range of employment conditions is provided together with a

generous relocation package where applicable.

Please write with full c.v. to Confidential Reply Service, Ref. ABG 799, Austin Knight Advertising UK Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 6TP.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

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## Systems Accountant

WEST YORKSHIRE. TO £15,000 + CAR

Our client is a profitable public company engaged in retail activities. Turnover is c £200 m., and the company is a market leader in its industry.

The need is for a self-motivated, commercial accountant to develop and manage an accounts department, ensuring the efficient production of accounting information. Continuing development and integration of computerised records is a key factor, necessitating past experience in developing new systems.

You will be a qualified accountant, preferably ACA, aged 28/35 with relevant systems and staff management experience, reporting to the finance director. You must be able to demonstrate personal qualities of leadership, self-motivation and possess a strong but tactful personality, and as a senior member of the finance team, liaise closely with others in the finance department.

The company offers large company fringe benefits including attractive re-location package where appropriate, non-contributory pension and life assurance staff discounts and five weeks annual holiday.

In the first instance, please telephone LEEDS (0532) 450851 for an application form (absolute discretion assured). Ref. 1072



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## THE ARTS

## British Romanesque Art/Hayward

David Piper

## Fragments of a colourful past

One of the most remarkable — for me, almost the most moving — items in the great exhibition of English Romanesque art in the Hayward Gallery, is the case in which rest two fragments of a crucifix. A head; a foot. An elongated face, set in the stylised frame of coiled hair and close beard, in death, but with the lids closed over the swollen eyes containing perhaps inextinguishable vision. The foot forlorn, crisscrossed. The medium is wood, not stone. The fragments are hollow shells, held together only by the binding element of gesso and paint. The crucifix was hidden in the wall of a nave at South Cennery, threatened by the image-breakers of the Reformation. In the damp masonry, rot eroded everything away through the centuries, saving only these two surviving fragments.

It is not just the quality of these pieces that is moving. It is also the fact that — as records the admirable catalogue — these are the only surviving witness of what must have been thousands of such wooden crucifixes in the parish churches of England. So they are likewise witness to the horrendous desecration of the national heritage committed by our ancestors in the late-medieval purges of the Reformation and in the vandalism of the Civil Wars in the 1640s. All in the name of religion. The head of Christ appears resigned, if sorrowfully.

The Hayward exhibition is compiled mainly from fragments, though mostly in the more durable elements of stone or metal or ivory. The triumphant solution of the problem of exhibiting such a regiment of fragments to form an eloquent and coherent — and beautiful — entity has been achieved by Colin Amery. That acclaim I can only underline, adding perhaps a specific commendation of the lighting. For the needs of conservation, this has to be a modest post-1966, but the different levels, naked stone and take any intensity, but manuscripts' illuminations must be kept very low key. The exhibition is lit almost entirely artificially, but the subtlety of the modular lighting, permitting individual items to be seen clearly, but also creating a sense of spatial mystery which is an extraordinary transformation of the normally blatant brutalities of the Hayward interior. It is an Arts Council exhibition, so let us hope that Sir William "Red" Magee has noted what can be done with the Hayward, and may banish any further thoughts about its dissolution that may occur.

1066 — one of the very few dates in English history that everyone recognises — was an in-



Adam naming animals: from a Bestiary c. 1200

evitable choice upon which to start the exhibition, and reasonably so. After all, many if not most laymen still prefer to call the art (the architecture anyway) of the period, Norman, as if William the Conqueror had arrived with plans for Durham, Winchester, Canterbury, ready amongst his baggage. It remains perfectly true that the great phase of Romanesque architecture came post-1066, but the agreeably sure clarity of such

Romanesque are greater than its dissimilarities. Especially of course with the French. Or what passed for French. The Viking blood still ran ferociously in Norman William's veins, while by the time Henry II of England was in prime, around 1150, he ruled all of what is now western France down to the Pyrenees. But beside the French factor, there was the inheritance of the Anglo-Saxon style; there was

## Viking blood still ran in Norman William's veins

a definition has yielded, as such, clarifies are wont to do, once the scholars get at them, to continuing argument about the interrelationship of the various strands which comprise English Romanesque.

Maybe the show had been better titled as *The Romanesque in England*. The theme is illustrated brilliantly, but the difficulty of defining exactly what it is remains. Its similarities with continental

the so-called Ringerike style, linear and richly and bizarrely decorative, unknown to the Normans though coming from Scandinavia; there was Byzantine classicism-travelling west along the pilgrimage routes. Traces of all these can be identified throughout the exhibition, and for the expert, the nature of their mix (or omission) may enable him to date an object almost within a decade, even when the object

is but a broken and bruised fragment.

For most of us though it is easier to start with the unfragmented objects. The spectacular ones are well-known. The famous gilt-bronze candlestick from Gloucester, about 1107-13, is normally permanently visible in the Victoria and Albert. Those chessmen, mid-thirteenth century, from Lewis, with that marvellous visual density within the stolidity of their ivory, are from the British Museum. Maybe you haven't seen the Barry Crocifix, so delicate that one, in its ivory, but now visiting these shores briefly, back from the Metropolitan in New York. But anyway a virtue of this kind of exhibition is to concentrate on things you may have thought you knew — but when did your eyes really last tangle with that virtuoso masterpiece of metal casting, the Gloucester candlestick?

The single object that everyone might hope to see in the context of 1066 is the Bayeux Tapestry itself: the visual documentary, the running commentary, the running record of the Norman Conquest. In a curious, doubtless hypocritical way, the English seem to have come to acknowledge the Norman Conquest as an English victory, even more than Dunkirk. The Conquest have won a skirmish for the Normans, but in the end it was the English who won out, their blood enriched by a tincture of Norman blood, at Agincourt, and then with Drake at the Spanish Armada. The tapestry is too delicate to move (all 70 metres of it), and must stay in Normandy; but is represented at the Hayward by the Stothard's copies from it, made in the early 19th century. What the restorers got at the original. What ever lesson may be learnt from this, vis-a-vis the vexed problem of Lord Elgin and his marbles, is obscure.

The explosion of colour — that once enlivened the walls of the great churches and the vestments of the priests — these survive mainly in the manuscripts shown here, apart from a sudden brilliance of stained glass from Canterbury and York, staged up the staircase. At the Hayward are the great books, the acknowledged masterpieces, and ranking as such among the masterpieces of English art of whatever period. The Winchester Bible, the Winchester Psalter, the Bury Bible and the Lambeth Bible. They present of course the frustration inevitable in their cases: only one opening for each can be displayed. Never will you be able to leaf through the Winchester Bible, to turn the creaking pages from one splendour to the next. But given that, this concentration of masterpieces offers an opportunity that will not recur.

## Metamorphosis/Sadler's Wells

Clement Crisp

David Bintley's *Metamorphosis* given its first performance on Tuesday night by Sadler's Wells Royal Ballet, takes its inspiration from Kafka's fable of Gregor Samsa who awoke one morning to find himself transformed into a giant insect. Bintley's theme, though, is not Samsa's tragedy but the metamorphosis that it brings about in his family's feelings.

The action, played out in yet another fine set from Mike Becker — a townscape that gives way to the claustrophobic interior of the Samsa house — revolves round Gregor's parents (Desmond Kelly and Margaret Barber), his sister (Leanne Benjamin), and their lodger (Stephen Wicks). The mother is house-proud, the

father a dressing-gown layabout; the sister, in a beautiful portrayal by Miss Benjamin, seems most touched with humanity, while the lodger is a hard-driven, dominating figure whose relationship with the mother has overtones of sexual attraction.

At worst these can be seen as stereotypes, with Gregor (Graham Lustig) as a defeated, grouchy creature whose metamorphosis is perhaps no more dreadful than his life as a human and the working out of the action — from the family's initial shock, through bemusement, attempts at forgetting, to a final brutal resolution by the sister — is also conventionally theatrical.

What excites our attention is the sureness of Mr Bintley's handling of them, the sometimes raw choreographic energy with which he manipulates events, and the dazzling performances he has inspired from his cast. The piece has a mature force, a tension, which takes us over certain longeurs (on a single viewing I feel that the development in the family's feelings might be advantageously trimmed).

Gregor emerges at the last from the room in which he has been kept unseen in his insect form (and, we may suppose, has been exterminated) as an assured and calm figure very different from the frail victim whom we first saw.

There is, understandably, a good deal more to say about the work, and I look forward to seeing it again. As an initial comment let me also welcome the score by Peter McGowan, who is a violinist with the SWRB orchestra, well made, atmospheric, sure in its effects, and repeat my admiration for the company's interpretation. For Miss Benjamin, the Giselle of the Royal Ballet School matinee two years ago, it is an assertion that the gifts we admired then are maturing in superb fashion. For Mr Bintley, it is proof again, that he dares, and has the technique and the talent to realise what he dares.

A brief welcome, too, for the first London appearance of Michael Batchelor in *Les Sylphides*, which opened the programme: elegant, poetic, it was a performance exactly right.

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## Idomeneo/Geneva

Andrew Clark

Can *Idomeneo* survive a nondescript staging on its musical merits alone? The answer, judging by the new production at Geneva's Grand Theatre, is "no"; indeed it was and to see several distinguished performances dragged down by the very mediocrity of the visual surroundings, and even sadder to see a promising production team come to grief on its first Mozart.

The best of the evening came from the pit and the three female principals. The Lausanne Chamber Orchestra under Jeffrey Tate made a positive impression: the strings were fleet and buoyant, the rhythms well-sprung, with barpsichord and kettle-drums

satisfactorily integrated into the sound texture. In spite of some intonation problems, especially in "Se il padre perdei," Valerie Masterson's *Ilia* was wholly sympathetic. What a lovely part it is, and she handled it sensitively, combining a demure, virginal air with a glint of mischief. Anne Howells' *Idamante* was an ideal counterpart — masculine, noble, supple — and remarkably youthful in appearance. The only true example of vocal display came from Elizabeth Connell, her *Electra* almost faultless from Salzburg, but with some of the excesses thankfully trimmed.

The rest of the evening could be gauged on a rapidly sliding scale. Siegfried Jerusalem's

Mozart is less strained than his Wagner, but he can hardly be called a stylist, and he lacked both the vocal and dramatic stature for the title role. Richard Greager barely justified the inclusion of Arbace's two arias, the first of which was punctuated by so many false exits as to give the proceedings the air of a comedy turn.

That, of course, was a production fault. After their early successes here with Britten, Francoia Rochaix and Jean-Claude Martel have seemed unable to adapt their basically sensitive, traditional approach to the requirements of different operatic styles. Rochaix's conception of *Idomeneo* — neither monumental nor personal, classical nor mythological —

had no real identity. Every aria was spoilt by purposeless wandering or the addition of some extraneous figure on stage; and with Martel's hotch-potch of costume styles and skimpy mud-brown columns stranded centre-stage like a postwar Italian monument, the scenes with high priest and chorus conjured the visual atmosphere of something out of a provincial Simon Boccanegra — curious indeed!

The shapelessness of the production, its patchwork of activity, may have stemmed from an attempt to soften the structure of *Idomeneo*. If this was Rochaix's aim, then he failed, and will, I hope, have learned the lesson.

## Haggander/Wigmore Hall

Max Loppert

The young Swedish soprano Mari Anne Haggander, arrived at Tuesday's London recital having already come to notice at Buxton and Bayreuth (she has been the charming, high-spirited Eva of Wolfgang Wagner's *Meistersinger* production since 1981) and in an Albert Hall *War Requiem* a couple of years back. In the confined spaces of the recital hall, impressions were rather more mixed. Miss Haggander takes to its platform with a winning naturalness, and her large, lyric soprano was able to underpin that feeling of youthful energy and ease whenever the music allowed it to open out in bonny mood and lively tempo.

There was a buoyant pealing-out of the first and last of her opening three Grieg songs in a shrunken and generally rather middling group of Steinhilber songs later on — the concert figured in the Wigmore's *Sounds of Sweden* series, and these were the singer's contribution thereto.

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der's apple-cheeked freshness of approach and free top register made the most appropriate and certain artistic effect. Elsewhere, the performances seemed rather too incomplete in schooling to give unblemished pleasure. Lines tended to be sketched, and sentiments touched in, with strokes that lacked nothing in willingness but sometimes rather too much in delicacy of finish, with small note-values and middle-points of phrases skipped or slighted in the process. This was a regular failing of the slower songs; among the eight Strauss songs after the interval, "Freundliche Vision" and "Die Nacht" particularly required a finer blend of technique and imagination than Miss Haggander has yet discovered.

She deserves gratitude for her inclusion in the programme of the Four Dream Songs of Aulis Sallinen (written during the period of his first opera, *The Horsemen*); she rendered their bold, black Finnish moods with considerable conviction.

## Weill and others/Elizabeth Hall

Dominic Gill

It seemed a pity on Tuesday night that the London Sinfonietta Voices put down their microphones to give the premiere of Jonathan Lloyd's *Mass* for six solo voices (they had sung the earlier part of the programme amplified) — for its idiom was ideally suited to that bright, revealing medium. Many of the best effects would have gained in the large hall from amplification: notably the subtle alteration of density by the addition or subtraction of voices to or from sustained textures. Lloyds hangs some neat and pretty colours on his short verbal framework (no more than the nominal subdivisions of the traditional mass), blended and delivered by the Voices with splendid virtuosity. A passing pleasant 20 minutes — even if under the glossy surface the musical bedrock is pretty thin.

The evening's other new work, played by the London Sinfonietta's instrumental ensemble, was not a premiere but the first British performance of

No more — not yet for seven instruments and percussion written 13 years ago by the German composer Ulrich Stranz (b 1946) — bearbeited scraps of angora wool from the neo-romantic knitting factory of Hans Werner Henze, bound together by a variety of ostinati as cogent (and irritating) as dripping taps. Lothar Zagrosek conducted.

For the rest, the Sinfonietta dusted off some of their most reliable Kurt Weill (the programme was actually entitled "Weill"), including the memorable "Mussels from Margate" from the collection of theatrical fragments David Drew has brought together under the title of *Old Music*, and the *Mohagony Songspiel*, eternally worth reviving. As for the less reliable Weill — including especially the deadly dull *Pontonime I* from Georg Kaiser's *The Protagonist* — the Sinfonietta should now forget it, and next time play us records instead of all the versions ever made of *September Song*.

## The Merchant of Venice/Royal Shakespeare Theatre

Martin Hoyle

This unlikely play is rendered no more acceptable than usual in John Caird's new production, at Stratford-upon-Avon. As seems the rule nowadays, the show is almost stolen by the sets, rich hangings in patterned red and ochre, whose hint of the Orient recalls Venice's Eastern Empire.

Glided period organs on either side of the stage glide, swirl and meet, at least twice threatening to crush the Jessica, thus prematurely terminating Antonio Root's promising career. Two red-clad musicians are present throughout, glimpsed from behind like the Phantom of the Opera to roll out Ilona Sekacz's resonant score.

Three man-sized urns are trucked in Belmont on cranes to do duty for Portia's caskets. The designer Uitz in characteristic mood has placed automata inside: a creaking skeleton, a winking jester, and a waxyork Puck.

The costumes are more conventional; Bassanio and cronies sport variations on matador costumes plus cod pieces. More quirky are the Renaissance equivalent of tee-shirts and cut-off jeans given to Portia's servants.

Ian McDiarmid's Shylock initially cuts a cabalistic figure in a pointed yellow hat. Of the traditional choices here facing the actor, almost heroic dignity or grotesque character playing, Mr McDiarmid opts for the latter. The curse on his renegade daughter may be wrenched out of visceral agony, but two minutes later he is kissing

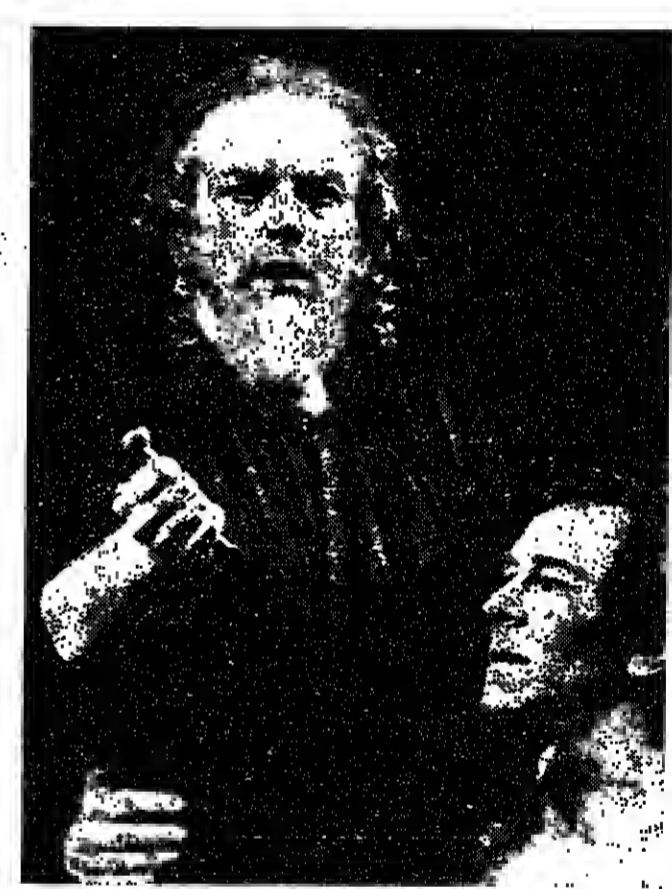
Jubal, shrieking and capering at the good news of his enemy's failure. With a throaty mid-European tenor and a snappy line in deflationary throwaway, this Shylock is fascinating, sometimes funny, but never remotely moving.

Frances Tomelty's Portia has an intense, hard-driven quality that makes her playfulness a tria heavy handed. She quelled the groundlings' battery of coughs and sneezes for a full four seconds in "the quality of mercy." Her almost grimly expressed preference for this colourless Bassanio is inexplicable given Adam Bareham's lack of the dashing knightliness that first attracted her and the prodigality responsible for the fatal bond. This Bassanio emerges as a mere financial incompetent to whom only Christopher Ravenscroft's welly ineffectual Antonio would lend the price of a cornetto.

Linguistic correctness gives us two hunchbacked Gobbi and a black Nerissa, no more convincing than her mistress in bright red legalistic disguise, in place of the expected clerical bick.

Jessica and Lorenzo (Simon Templeman) redress the balance in favour of the lyrical and the likeable, and James Simon's abrasively irritating life and soul of the party is, I suppose, in keeping with the odiously bumptious Gratiano.

John Caird's production casts no new light on the play, but it does pay to pay for a Shylock of virtuoso grotesquerie. A happier memory is provided by the Prince of Aragon dressed as a white and purple pom-pom from



Ian McDiarmid and Christopher Ravenscroft

Christmas decorations. If the production had taken a hint from the designer's gift for the bizarrely imaginative, it might have acquired a consistent and recognisable personality.

## Arts Guide

## Exhibitions

## NEW YORK

Center Sculpture Center Set against a spectacular view of New York, 30 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and restorer Henri Lebasque. One World Trade Center, 105th street.

Picasso: The Last Years (Guggenheim). A show of one tenth of one per cent of Picasso's last decade of work still has 200 pieces in it, showing a restless spirit trying to capture the last personal vision by dint of sheer energy working at a furious pace. Ends May 6.

Metropolitan: Rembrandt, Vermeer, Hals, van Ruisdael and Steel are among the 17th century masterpieces from the Royal Mauritshuis Picture Gallery in The Hague taking place in temporary residence in commemoration of 200 years of Dutch-American diplomatic relations. Ends April 15.

ICA: William Morris Today — a documentary for the 150th anniversary of the sage's birth, celebrating his ideas and principles rather than his practical work in the arts and crafts. Morris was a romantic and visionary, one of the most important of British theorists of early, idealised Socialism; and if his vision has manifestly failed to be realised, it remains nevertheless in so many respects admirable and always honourable. He was a designer of

genius, though a poor painter and indifferent poet. In the long run it is as a designer that his work will stand. Ends April 28.

## ITALY

Florence, Pitti Palace: Raphael paintings and drawings. The exhibition has drawn such huge crowds that the opening hours have been extended — something almost unheard of in Italy. Now open from 9am until 7pm (closed Monday).

Rome, Galleria di Palazzo Spada, Piazza Capo di Ferro: Beautiful seventeenth century palace containing a fine collection of paintings of the same period. The building has been closed for restoration for some time and is re-opened this week. It is also possible to visit the Room Of The Four Seasons, normally closed, with its beautiful mouldings by Mazzoni. The chain of this gallery is that it has kept its character as a private princely collection.

Guggenheim Foundation — Palazzo Guggenheim: usually closed in winter but opened especially for a small exhibition of 10 paintings by Jackson Pollock.

Florence: Biblioteca Laurenziana: latest and final exhibition in a series dedicated to Raphael this year. This one mainly concerned with documents.

## PARIS

William Bouguereau: An exhibition which continues the present rehabilitation of academic art of the second half of the 19th century. Petit Palais. Closed Mon. Ends May 6 (265 1273).

Cassell Chiswick: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through his realism and, later on, a sense of the theatrical, found his own way. Musée Rodin. Closed Tue. Ends June 11 (705 0124).

Italian Illuminated Manuscripts from 6th to the 18th century. 180 exhibits that include such treasures as an illustration of Peter's Triumph of Chastity trace the development of the art of illumination from late antiquity to the Renaissance. Bibliothèque Nationale. All days 12am-6pm, ends May 30 (261 8233).

The Treasure of Saint-Mark: Throughout the centuries the Venetians have amassed priceless chalices, reliquaries, icons and liturgical objects from different periods and different sources, especially Byzantine ones to the glory of their patron saint and their proud city. Venetian goldsmiths were so influenced by the fabulous collections housed in their Basilica that they themselves became the craftsmen of "Ouvre de Venise" — a style and art of their own. Grand Palais, closed Tue, ends June 25 (261 5410).

## WEST GERMANY

Cologne, Wallraf-Richartz-Museum, An der Richartzstrasse: Fifteen paintings by six Dutch masters of the Utrecht school of painting dating from the 17th century, on loan from the Utrecht Zentrallmuseum. Ends May 28.

Hamburg, Kunsthalle, 1 Glockengie遳strasse: This is the only venue in the Federal Republic of a unique exhibi-

tion of drawings by Leonardo da Vinci, on loan from The Royal Collection at Windsor Castle. The fifty exhibits on the subject of nature and landscape are part of the large collection of Leonardo's drawings by the Italian master owned by the British Royal family. Ends May 6.

Stuttgart, Staatgalerie: 500 graphical masterpieces from the 19th century to date are shown here on the occasion of the opening of the new house. Ends June 10.

## BRUSSELS

Treasures for the Table: Gold and silverware, porcelain and glass from Vienna, Paris and Brussels, including part of the solid gold service made for the Empress Maria Theresa and Louis XVI's Seven service offered to her to commemorate the Franco-Austrian Alliance. Credit Communal Palace 44 until June. Art and Sport: 300 paintings, sculptures, drawing and photographs including Toulouse-Lautrec, Picasso, Magritte, Legger, Delaunay, Rodin, Palais des Beaux Arts. Ends June 3.

## VIENNA

Albertina — Collection of Graphic Arts: Some 300 watercolours of the Austrian artist Rudolf von Alt are exhibited, covering a prolific and long career, from the 1830s to the early 20th century. His subject matter throughout is mainly Vienna's handsome streets and buildings, caught in many moods and seasons, with the precision of architectural detail. There are also some sumptuous interiors and delicate mountain

scenes of the Salzkammergut region. Alt's paintings give a sympathetic, even loving, record of Austria during its period of imperial grandeur, with a refreshing lightness of touch and sometimes an almost impressionist use of colour and light. Ends April 29.

Allen Jones Lithographs "Theatre and Dance." This is an unusual exhibition of lithographs and an unexpected choice of artist for the Trade Union Bank Art Arbeit and Wirtchaft Foundation which is responsible for the exhibition, that consists of a small collection of recent abstract works. Although the traditional themes of Allen Jones are still present — women and sexuality — these colourful lithographs are less controversial than some of the artist's other works. Bawag Foundation, Tuchlauben 5, Vienna 10. Until April 21.

Out Of Steppe and Oasis: A colourful exhibition of treasures from the high desert plateau of Turkistan, the heartland of Central Asia, stretching from the Tianshan to the Pamirs, brought back by 19th century Viennese travellers. A display of artistic skill applied to household articles and clothing, carpets, saddlebags and especially jewellery, that a nomadic people could carry with them on their caravans. Museum of Ethnology (Völkerkundemuseum), Until April 30.

## NETHERLANDS

Hans Koper: An exhibition of the ceramics of this Dutch artist and craftsman, who died in 1981, can be seen at the Museum Boymans van Beu-

ningen, Rotterdam, until May 29. Koper was well known in England, and the display is arranged in co-operation with the British Council and the Seiden Centre for the Visual Arts in Norwich.

## TOKYO

Gandhara Art of Pakistan. Seibu Museum of Art displays 140 of the most important works from major museums in Pakistan, including Buddhist sculpture, metalwork and daily objects. Ends May 6.

Qin Dynasty Terracotta Warriors and Horses, Sunshine City Bunka Kaikan. This is the first public display outside China of these 14 life-size pottery figures and other artifacts from the tomb of Qin Shihuang, first Emperor of the Qin dynasty (221-216 BC), in Shan Shensi province. Ends April 15.

German Expressionist Painting, Kamakura Museum of Modern Art. Part of the Buchheim Collection currently on tour includes works by 20th century German artists Karl Schmidt-Rottluff, Otto Müller, Max Beckmann, Otto Dix, Lionel Feininger. Ends May 6.

Kano School Screens and Scrolls, Okura Shokoku Museum. Dating from the Muromachi era (1337-1573) to Edo period (1603-1868) these beautiful paneled screens and hanging scrolls graced the estates of the military leaders. Ends April 22.

Foreign Culture in Ukiyo-e, Obata Memorial Museum. Ukiyo-e prints depicting Yokohama and Nagasaki, towns associated with the new and exotic, being the first ports open to foreign trade in the 19th century. Ends April 24.

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Thursday April 12 1984

## A new status for ECGD

**SHOULD** Britain's Export Credits Guarantee Department, now under the wing of the Department of Trade and Industry, be turned into a public corporation? This is the main recommendation of a government-commissioned report on the ECGD by a committee led by Sir Peter Matthews, chairman of Vickers.

The report published yesterday comes at an opportune moment. Faced with debt rescheduling by 26 countries, the ECGD has been caught out in its effort to simultaneously promote exports and to break even. For the first time in 30 years it is in deficit.

There has also been mounting interest in the efforts of private-sector insurers to break into the ECGD's traditional business. Part of the Matthews committee's remit was to compare Britain's export credit agency with those of its trading competitors. It is noteworthy that the ECGD insures a greater fraction of exports (34.5 per cent) than any other big agency except Japan's. The West German and American agencies insure only about 20 per cent of exports. There seems no a priori reason why British banks should not carry more risk as banks do in these other countries.

### Trade off

The suggested conversion of the ECGD into a publicly-owned corporation was heartily endorsed by the CBI yesterday and will meet with the approval of other private groups. It raises immediately the question of the right trade-off between freedom of operation and public accountability. Many of the advantages of a closer link with Whitehall have been well rehearsed. Since the ECGD, effectively an insurance company, is quite unlike any other government department, there is no reason, for example, why it should have been subject to staff cuts and economies when demand for its services has been rising.

The Matthews report points to other, more substantial benefits of a new status. As a public corporation, the ECGD might find it easier to reject particular risks and raise premiums at its discretion to certain clients. A government department, by contrast, is bound to treat everybody alike. Conversion into a public corporation might bring closer two other desirable innovations.

## New hopes for old problems

It would be premature to say that the prospects for peace in two of the major trouble spots in the Western Hemisphere are fast improving. But events in the past few days have at least served to give a breath of new hope to those seeking solutions to the impasse between Britain and Argentina over the Falkland Islands and to the regional crisis in Central America.

An understandably cautious and discreet reply has gone out from the Foreign and Commonwealth Office to the suggestion from Argentina that the two countries should start talks about their differences.

As Sir Anthony Parsons, Britain's former Permanent Representative at the United Nations, commented yesterday in his evidence to the House of Commons Select Committee on Foreign Affairs, the advent of a civilian government in Buenos Aires has certainly improved the atmosphere. As he also pointed out, understanding for Britain's position among members of the United Nations is bound to decrease if Whitehall is not judged to be doing its best to normalise relations with the Alfonsín Administration.

### First steps

Sir Anthony underlined the fact that there cannot be any quick solutions to the problems, and any agreement may take years of patient negotiation. It must be made plain to the military that any new attempt by them to drag Argentina back down into the chaos of military rule will result in great harm being done to the prospects for an agreed solution. If the process is to move forward at all Argentina must signify clearly by some means or other that it has abandoned the use of force in the pursuit of its claim to the disputed territory.

The first steps have been taken by both sides. It is now up to Mrs Thatcher and President Alfonsín to see that the momentum, however slow, is maintained throughout the exhausting sessions of talks which lie ahead.

In order that this momentum is maintained direct diplomatic relations must be re-established in due time and the painful and

time-wasting process of Britain and Argentina talking to each other through the medium of the foreign ministries in Switzerland and Brazil abandoned. However difficult the search for a solution may appear to be, diplomats and politicians on both sides must remember that the present moment is propitious and nothing is gained by delaying the start of talks.

In Central America likewise the process of peace-making must be encouraged. The crisis in the isthmus has taken too many lives and wasted too much money and too many resources to be allowed to continue a day longer than necessary.

In this context the decision of the Reagan Administration to halt the mining of the ports of Nicaragua is to be welcomed. The U.S. Congress has revolted against what many legislators see as an act of war against the Government in Managua. The allies of the U.S. have expressed their alarm at the action which could claim the lives of neutral sailors and damage international shipping.

Given that Mr Reagan seems set on continuing his "secret war" against the Nicaraguan Government and supporting the military in El Salvador, the halting of the mining is a small advance indeed. It needs to be followed up by an unequivocal declaration of support by Washington for the efforts of Mexico, Panama, Colombia and Venezuela — the Contadora group — to find a permanent settlement to the political crisis of Central America.

**Peacemaking**  
 At the same time the actions of the Cubans and Soviets must be scrutinised carefully. The Contadora peace process is hardly helped, for instance, by the dispatch by the Soviet Navy of a large flotilla to Caribbean waters at this delicate juncture. Militarisation is no more a solution to the problems of Central America than it is to those of the Falkland Islands. Politicians and diplomats must be given primacy over the military if peace is to come to both areas.

**T**HE JAPANESE have done it again. The victory by a consortium of four Japanese companies in the long and bitter battle for the \$280m contract to build the railcars for Singapore's mass transit system has revealed again the importance of a co-ordinated effort to secure a major international capital project.

It also shows their willingness to make an extra effort when the project has long-term strategic consequences.

Blockbuster contracts for new urban transit systems come very rarely and the big international ally competitors, suppliers, mainly Japanese, French, West German, Canadian and British, fight hard for every one of them.

To win a contract like Singapore is to be assured of seven to 10 years' work, a leg-up on renewal orders and a valuable reference for use in future contract competitions.

Losing can undermine the confidence of a supplier. Competitors can be expected in the next few months to test the staying power of Metro-Cammell, the British loser in the Singapore competition.

The surprise in the end was how decisively the Japanese consortium won on price. Its bid being some 12 per cent lower than that of its nearest competitor.

A key Japanese advantage was in organising finance. The Singapore Chinese, as well as the Japanese, had the greatest flexibility because of the versatility of Mitsui, the large trading house acting as their agent in Singapore. For example, the Japanese could offer Singapore a fixed foreign exchange rate up to 1990 at no extra cost.

British financial institutions are not geared up to provide that kind of guarantee.



### The contestants saw the battle as a close run thing

The outcome is a severe blow to Metro-Cammell and to its chairman, Mr Tony Sansome, who has spent weeks operating out of a Singapore hotel room in the bid to win the contract. He has made himself available to the Mass Rapid Transit Corporation at any moment

## The Singapore Underground

### Contract

# How Japan finally clinched the deal

**Chris Sherwell, South-East Asia Correspondent, reports on the long and bitter international battle to win a \$280m railcars contract for Singapore's new urban transit system**

to answer queries and accommodate virtually any requests for more information. Now he has to return to Birmingham exhausted from his exertions and empty-handed.

The various contestants always saw the battle as a close-run thing — a race in which the stakes were high, the tension palpable and the struggle for information vicious.

This was the biggest contract in Singapore's biggest-ever construction project. The overall scheme involves the laying of 68.8 km of rail (20.6 km of it underground), 42 stations (15 underground and 27 on the surface or elevated) and some of the most technically difficult tunnelling yet attempted in the island's tricky soil.

There will be two main lines, linked at Raffles Place and City Hall in the heart of the financial district and running through the biggest housing estates. The first trains are due to be running by 1988, and

the entire system is to be completed within a decade.

Public information about the battle has been scarce, even the bidders were forbidden by the MRT Corporation to make public statements. But this did not prevent a whiff of scandal emerging at the very end of the battle, when only three final bidders were left out of the original eight.

That incident burst on to the scene last Thursday, when Singapore's Corrupt Practices Investigation Bureau questioned Mr Sansome about some telexes originating in Switzerland, suggesting that payments had been authorised by Metro-Cammell to Singapore officials. Metro-Cammell has dismissed this as bogus.

This bizarre event came at the end of a long drawn-out contest.

It was one of the most exciting and hard fought battles for a big manufacturing contract



Traffic congestion in Singapore, showing the need for a new rail system.

ever seen in Singapore. The island state was offering the only new work of its kind in the world, at a time when manufacturers were begging for orders.

Also at stake was a virtually guaranteed future as a supplier in this field over the coming decade, when many heavily populated cities in the developing countries are expected to contemplate building sophisticated public transport systems.

In the circumstances, Singapore could and did set very demanding terms.

One U.S. bid led by Budd never even lasted to the listing of the eight pre-qualified bidders a year ago. A strong Canadian bid from Bombardier and another from West German involving MAN, AEG, Telefunken, Brown Boveri and Siemens lost out later.

Even a powerful French consortium, including Francorail, Sofretil and Alsthom Atlantique

with government-controlled Singapore Shipbuilding and Engineering, lost failed to make it to the final round despite the intervention of M Robert Mitterrand, the French President's brother.

By February this year, it was clear which three were left to fight it out:

● The Japanese group, which embraces Kawasaki Heavy Industries, Nippon Sharyo, Seto Kaisha, Tokyu Car and Kin, Sharyo.

● Metro-Cammell with its local partner, Singapore Automotive Engineering, a government-owned defence contractor.

● A team of Sweden, with its partner, Sembawang Shipyard.

Speculation became frantic. Asia was an unexpected inclusion and a dark horse. Unlike the other two, which were subcontracting widely, it was offering to do most of the work itself and in Singapore, which would add to costs.

Metro-Cammell looked like favourites after the French dropped out because these two were the only ones with the experience in Hong Kong and Caracas — of supplying and installing railcars in distant countries with no existing rail system.

Metro-Cammell also counted on their very real achievements in Hong Kong, the dependability of their local partners, the opportunities they offered for technology transfer, and the potent but unquantifiable asset of the common English language with Singapore.

The Japanese could point to their experience in Kobe and their experience in order in New York. But they had no local partner, and late in the day arranged a tie with National Iron and Steel Mills, which had previously been linked to Bombardier. However, they did know how to produce an attractive bid.

When the crunch came and final terms were submitted last week, both the Metro-Cammell and Kawasaki tenders offered the MRT Corporation similar options and thus prices, for the sub-contracted work which actually forms the bulk of the contract. This includes work on propulsion systems, bogies, brakes, couplings, gangways and air conditioning.

But as has now been confirmed, the Japanese not only put in the lowest offer of \$280m for the entire contract, it also lowered its price enough to give a margin over Metro-Cammell of close to 12 per cent.

The Japanese bid is reckoned to be first and foremost a reflection of the group's greater efficiency in the production of the 396 railcars themselves and of the advantages of Japan's lower inflation rate in a fixed price contract. Both factors are powerful general comment on Britain's competitiveness in



### The bid confirmed how desperate the Japanese were

such life or death international contracts.

But the bid also confirms how desperate the Japanese were to secure this contract, as they have others, through aggressive pricing. They already dominate the contracts for civil works and are expected to do so in the electrical field.

## THE OUTLOOK FOR METRO-CAMMELL

**ALLEGATIONS** THAT the Laird Group would run down its important transport equipment stockpile in 1984, and that the group's \$19.2m pre-tax profit in 1983, was a mere shadow of its former self.

Laird has made no secret of the fact that Metro-Cammell's workload has been declining for the past two years. Its current main orders from London Transport and the Hong Kong Mass Rapid Transit are due to be completed by the end of next year.

The workforce has already tumbled from 1,800 two years ago to about 900, "Singapore was an attempt

to fill the factory with a base load until the next major orders from London Transport come in 1990," he said.

But the company also had an alternative plan designed to keep its technical skills in place, based on a number of small UK projects. These include:

● Light diesel multiple units (combined carriages and engines) for British Rail. Metro-Cammell is building four prototypes and will compete for the production orders — perhaps 100 vehicles — expected to go out to

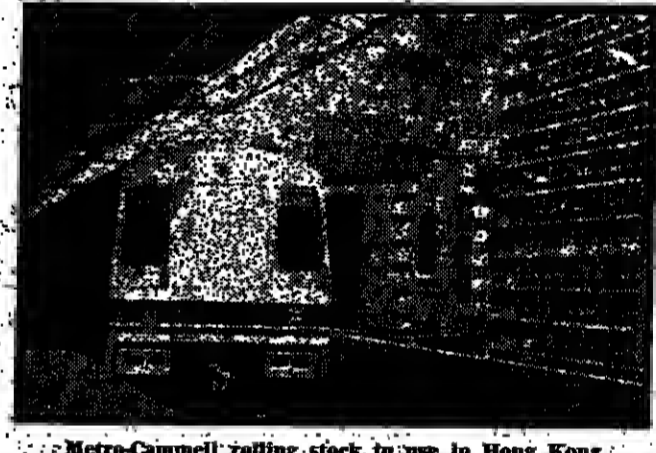
tender later this year.

● Light rail buses for British Rail. Tenders are expected to be invited in 1985.

● New rolling stock for London Transport. In anticipation of a major re-equipment programme in the 1990s, LIT is expected to commission a manufacturer later this year to build eight prototypes.

● London Docklands Light Rail system. Tenders for the rolling stock for this project, probably 40 carriages, are expected shortly.

lan Rodger



Metro-Cammell rolling stock in use in Hong Kong.

## Jacob's ladder reaches higher

Jacob Rothschild yesterday added top Hambro Life men like Mark Weinberg and Syd Lipworth to a glittering array of financial talent which already includes the likes of David Montagu, Nils Taube, John Hyde, Francois Mayer, and Richard Thornton, not to mention the top men of L.F. Rothschild, Unterberg, Towbin in New York.

The planned merger of Charterhouse, Rothschild and Hambro Life is a coup which will leapfrog the combined group into the top half-dozen UK financial services companies by way of stock market value.

The clearing banks included. He has brilliantly strung together a series of deals which has taken the old Rothschild Investment Trust into a quite different league. But City observers will be scratching closely to see how his team can be kept in order — bearing in mind that people like Montagu, who failed to see eye-to-eye with Merrill Lynch a couple of years back, and Thornton, who broke with GT Management last year, are not noted for being organisation men.

The key task of harnessing the team of superstars, however, will be largely taken over by Weinberg. At 52, Weinberg is effectively embarking on his third career — having built up two life assurance companies (the first was Abbey Life), he now becomes chief executive of Allied Rothschild Charterhouse, as well as joint chairman.

Yesterday he talked about systems and structures and reporting mechanisms. "The challenge is to run an ordered group where the various talents feel they have scope to do what they want," he said.

That leaves Rothschild, some four years his junior, to employ his more opportunistic abilities as non-executive joint chairman, variously describing his role as "catalyst" and "minister without portfolio."

Students of corporate politics, meanwhile, can study the implications of the successive name changes, from RIT and

## Men and Matters

Northern to Charterhouse J. Rothschild and now Allied Rothschild Charterhouse. Hambro Life, too, will have to change its trading name following the break with Hambro Bank. "Allied something" was the only hint Weinberg would give.

### Beach comber

What do British Nuclear Fuels and King Hussein of Jordan have in common? The answer, says Leslie Goodman, is a grubby beach — or it was before he arrived on the scene.

Everybody knows about BNFL's troubles with radioactive sludge washing up on the Cumbrian beaches. King Hussein wanted to spruce up his private beach at Aqaba before the Queen's recent visit.

Goodman's solution was to sell each of them a £12,800 machine, imported by his company from France. When towed over the sand, it rakes up just about everything from dead fish to lumps of tar. (It just bounces over discarded anchors.)

An eager, young sales engineer for Plant and Equipment, part of the Shand Group, Goodman specialises in beach cleaning. So far, he has sold 24 machines to customers as far apart as Torbay (2), Dublin, Hong Kong and Macao.

His pitch is that the RP300 cleans 7.5 acres of sand an hour, more thoroughly than hand-cleaning because it ferrets for buried rubbish. "And it doesn't object to cold weather."

He tells me it takes about three weeks of daily cleaning to get a badly littered beach into good condition. Then it is easy to keep it up to scratch.

Goodman's problem is persuading hard-pressed local authorities around the British coast to find the cash for his



"The essay on the Tolpuddle Martyrs? That would have been blacklegging on your strike yesterday."

cleaners. But he has just found some influential allies in the standing Royal Commission on Environmental Pollution which damned British resorts for the dirt on their beaches.

### Grindlays figures

"I like Grindlays Bank's new high profile," said a chum in the City. "Have you seen their latest annual report... there's a centre-spread with girls in Tee-shirts, and a few without."

"Terrible mistake during the print run," said a Grindlays man when I inquired whether this was coverage of a growth industry, or simply a marketing gimmick?

During the printing some waste pages were temporarily stapled into copies of the report to prevent snafus from drying ink. All should have been removed. But a few copies were overlooked. And the fates that govern this banana-skin type of situation of course ordained

that the waste pages should be leaflets of an eye-catching nature for a Tee-shirt maker. Grindlays has written to shareholders, warning them to beware of foreign bodies in their copies of the report. "As far as I know, only two copies have escaped our surveillance," the Grindlays man reports.

### TV dealers

Brokers Hoare Govett are leading the City a step further into the electronic age.

With Prestel CityService, the financial viewdata service, Hoare Govett are setting up a system which will enable private clients to key their buy and sell orders, 24 hours a day, seven days a week, direct from their homes to the brokers' offices.

CityService's David Taylor claims that the electronic links will be the first of their kind in the world. "The idea," he says, "came from existing users of the viewdata service."

From the comfort of their armchairs, clients will be able to display Hoare's research reports on their television screens for study before transmitting instructions, with the help of a £250 adaptor or through a personal computer.

The brokers will get a high-speed print-out of the orders, with a code identifying the client.

Within a few weeks, the service is to be extended to provide clients with a daily revaluation of their portfolios. Though I am not sure I would like to add that programme to the evening's current viewing.

### Long arm of the law

From a U.S. college magazine: "The British legal system is the best in the world. Each case is tried with scrupulous fairness and justice is not only done, it is seen to be done. There are no inflexible rules; the law is elastic."

Which is why some people get longer stretches than others.

Observer

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## Skelmersdale Development Corporation

## THE U.S. ECONOMY

## The interest rate conundrum

By David Hale

THE YIELD on long-term U.S. government debt now exceeds the yield on long-term British Government debt for only the third time this century. Except for 1932, one has to go back to 1923 to find a 19-month period when this last happened.

The most common explanation for this yield gap reversal is the U.S. government budget deficit. Because the Treasury is a price insensitive borrower, it is natural that everyone should blame it for high interest rates. But deficits are only part of the U.S. interest rate story.

The current level of interest rates is also the accidental by-product of a restructuring in the U.S. system of financial regulation and taxation which has made it possible for the American economy to function with higher levels of interest rates than in the past.

Between 1933 and 1978, the level of interest rates available on many categories of U.S. financial assets was heavily constrained by federal regulatory policies as well as state usury laws.

During the past five years, federal authorities have dismantled most official interest rate ceilings, permitting the U.S. financial system to reconcile the supply and demand for credit at market clearing prices for the first time since the Great Depression.

These regulatory changes have greatly altered the interaction between the financial system and the real economy.

Until the mid-1960s, U.S. deposit ceilings were generally in line with market interest rates. After that, they became increasingly uncompetitive, triggered by disintermediation from thrift institutions and credit crunches in the mortgage market.

More by accident than design, the old U.S. system of financial regulation and taxation had back door forms of credit control which slowed the economy at a relatively low level of inflation.



Interest rates by curtailing the supply of funds to the home building industry.

Financial deregulation has not only eliminated the old disintermediation bottlenecks in the U.S. thrift institutions; it is causing them to promote aggressively new types of lending instruments, such as variable rate mortgages, which offer substantial price concessions during the early years in order to encourage loan demand.

Variable rate instruments now account for more than half of all U.S. mortgage lending compared with less than 5 per cent a few years ago.

The U.S. economy's tolerance for high interest rates also has been increased by several recent tax changes.

Interest payments have always been tax deductible in the U.S. but inflation has greatly enhanced their value. Between 1963 and 1980, inflation induced bracket changes increased the average U.S. marginal income tax rate from 23 per cent to 30 per cent.

As the Reagan tax programme has merely adjusted for recent bracket creep, households still have strong incentives to borrow.

In the corporate sector, accelerated depreciation and other tax allowances have neutralised the impact of high interest rates on capital spending. Company depreciation is now worth \$500 million more than the Government's estimate of asset replacement costs whereas in 1979 there was a \$200 million gap the other way.

Hubert Scholes, 54 Lancaster Avenue, Farnham, Surrey.

**Barristers and solicitors**

From Mr Michael V. Sternberg

Sir,—The well-written and thoughtful article ("Barristers and solicitors: the case for large combined offices," April 4) by your respected legal correspondent merits a reply.

The suggestion that the loss of the solicitors' monopoly in conveyancing will result in a purported expansion of their advisory roles ignores the fact that the many solicitors who specialise in conveyancing have neither the wish, the training or the temperament to appear before judges and juries.

The conveyancer is not normally a "Rumpole," even if he appears for the prosecution. The rewards of only some conveyancing far outweigh the meagre reward for legal-aid criminal work in the Crown Courts.

Every large town has within it a sparse network of solicitors operating not from one-man offices, but from offices where there are a handful of partners. These firms have access to the specialist training and advocacy which the Bar provides at the touch of a hint.

Amalgamating barristers and solicitors in one office will mean that the Bar will be swallowed up by the large firms who offer financial rewards the Bar as a whole does not now enjoy. The lack of equality in power between large and small firms will benefit the rich, who will be able to afford the greater costs of the large firm but not someone of moderate means.

Such large firms might, as some now do, simply refuse to do legally-aided work.

The large combined law office your correspondent so cogently argues for will carry all the attendant disadvantages of large organisations in general. Its turnover of personnel may be high, its costs vast, its service anonymous and its

CREDIT DEMAND AS SHARE OF GNP

	Total (%)	Federal Govt	State & Total Govts	Private Sector
1958-59	10.9	2.0	1.2	7.6
1961-62	10.3	2.2	1.1	7.0
1970-71	14.3	2.9	1.6	9.8
1975-76	16.1	6.3	1.0	7.8
1980-81	17.4	4.7	0.5	12.2
Average:	12.9	3.1	1.1	8.6
1983	18.6	7.8	1.1	9.8

Source: Federal Reserve

U.S. companies will be able to finance a large rise in capital spending this year with only limited recourse to the debt market.

The micro-economic consequences of the Reagan fiscal programme are as significant as the macroeconomic ones.

The reduction in capital gains taxes has triggered a venture capital boom. In 1983, corporate expenditures on new equipment increased three times more rapidly than during the first year of the five previous economic recoveries.

Because the depreciation life for new buildings has been shortened from 30 years to 15 years, a surprise boom appears to be developing in commercial construction despite high vacancy rates in existing structures.

Whereas the British Government is simplifying corporate taxation by dispensing special investment allowances in return for deep cuts in tax rates, the U.S. is moving in a totally opposite direction. The Federal Treasury is becoming a financial intermediary for the corporate sector.

The beneficiaries of Reaganomics are those in the service and manufacturing industries for whom the boom in domestic demand and cash flow has offset the impact of high interest rates and a strong dollar on international competitiveness.

There is no large U.S. savings surplus, as there was in Britain during early 1980s, to sustain

American politicians talk about reducing the budget deficit in order to lower interest rates and stimulate faster growth, as Mrs Thatcher's Government did in 1981-82, but the fact is the U.S. cannot shift to a new policy mix without reducing total consumption.

Through financial deregulation and Reaganomics, the U.S. has achieved an ideal external equilibrium. It has found a level of interest rates which permits the domestic economy to enjoy a self-reinforcing boom in consumption and investment.

Large reductions in the federal budget deficit will permit some decline in the level of U.S. interest rates, but unless there are major changes in the structure of the U.S. tax system, the private sector will absorb most of the resulting savings slack at interest rate levels only modestly below those now prevailing in the financial markets.

Indeed, U.S. private credit growth during 1983 was higher relative to GNP than during the first year of many previous post-war expansions.

The disequilibrium in the U.S. economy is not just government borrowing. It is the fact that financial deregulation and recent tax changes have given the U.S. the greatest borrowing and spending propensity in the industrial world without fundamental altering aggregate private saving behaviour.

There is no large U.S. savings surplus, as there was in Britain during early 1980s, to sustain

countries.

This has led to higher than world prices for British coal, so buyers are deterred; and jobs for our miners are lost unless we taxpayers indulge in the insanity of paying them to haul coal mountains for tomorrow instead of energy for today.

In general terms it would appear that a return to sanity must lie within the following options:

First, miners in uncompetitive pits can be persuaded out by means of the comparatively painless redundancies, retirements, and offers of other employment at present on offer from the Coal Board.

Second, a blending of technological improvement (wherever possible) with a scaling down of wage rates in the uncompetitive pits, as necessary for their outputs to be matched to market prices, without recourse to taxpayer subsidies, trade union compulsion, or to any other forcible distortions of the economy.

Third, the coal mountains can continue to be built and demolished in a kind of perpetual cycle, just because Mr Scargill says he wants to spare "un-economic" miners the tedium and privations in having to look and train for new jobs—a process which many, if not most, of the rest of us have to tolerate unsubsidised, often several times during our working lives.

Fourth, we can surrender unconditionally, merely because we are so scared of the miners' industrial clout that we are willing to buy them off with a kind of 20th-century Danegeld.

It would seem that a combination of the first and second options would offer the most civilised and neighbourly solution. The fourth option would surely be totally unthinkable for us children of "The Mother of the Free," would it not?

Christopher Haveragel, Tower House, Woolen Hill, Newbury, Berks.

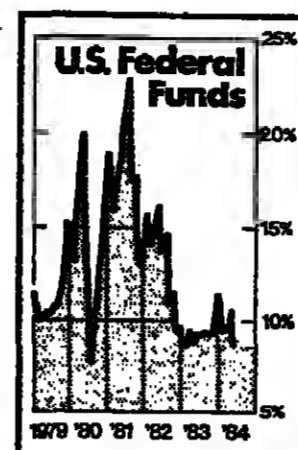
**Sound versus vision in TV plays**

From Mr W. O. B. Rees

Sir,—In his fascinating review on April 4 of the "Jewel in the Crown" television serial, Christopher Dunkley made an interesting point: that the words are vital to television viewing and the picture is merely useful. Almost anything except sport is quite comprehensible with sound only, he wrote.

Fortified by this view, I remained with Tuesday's showing of "Staying On." As the picture had faded, for the play was withdrawn after some minutes of sound only.

W. O. B. Rees, 27 Northumberland Place, London, W.2.



U.S. Federal Funds

reform in the U.S. at least as radical as that introduced by the British Government in its 1984 budget.

Could recent UK policy changes, as in the late 1970s, again be a precursor for future development in the U.S.? The fiscal problem now confronting the U.S. is quite different from that in Britain, but there are three factors at work which could help to push U.S. tax reform in the same direction.

First, it has become obvious to practically all American politicians there will have to be large tax increases after the 1984 election. Many would like to disguise this fact by coupling revenue enhancement with structural tax reform.

As a result, there is now active bipartisan debate about such radical proposals as a national consumption tax, a flat-rate income tax, or a narrower bracket income tax system with fewer allowances and exemptions than the current law.

Second, it is American banks and U.S. foreign policy which have the most to lose if rising interest rates drive Latin America back into default next year.

Third, Mr Donald Regan, the U.S. Treasury Secretary, is again scolding the Japanese for depressing the yen with policies which inhibit consumption and encourage capital outflows.

Excess saving in Japan is the global counterpart of excess consumption in the United States. At the Western Summit Conference this summer, one of the major topics of discussion should be how all the industrial countries, not just Japan and the U.S., can harmonise their taxation and banking policies.

It is much easier to criticise the U.S. budget deficit than to address the micro-economic underpinning of today's world capital flows, but the fact is they are as important as the deficit.

Until the industrial countries recognise the need for greater convergence in tax and financial policy, Florida home builders and California tax shelter promoters will continue to bid for savings in Osaka and Glasgow at interest rate levels that will bankrupt dollar debtors in Brazil.

David Hale is chief economist of Deane Farnham & Kempner Murray Johnsons International.

## Lombard

## Reagan's clash with Congress

By Reginald Dale in Washington

PRESIDENT Ronald Reagan is heading into confrontation with the U.S. Congress with all the apparent recklessness of a latter-day Charles I. He is not yet actually claiming the authority of "divine right," although some of his political opponents believe that that is more or less how he sees it.

Mr Reagan's new doctrine is that it is the responsibility of Congress not to disagree with the President at least in public, once a foreign policy decision has been taken — particularly "if American lives are at risk."

In return for its subsequent silence, Mr Reagan says that he is prepared to listen to Congress's views before he takes the initial decision. Thereafter, both Republicans and Democrats must give him their bipartisan support, in the greater national interest.

What appears to be irking Mr Reagan is the system of "checks and balances" deliberately built into the U.S. Constitution, under which, for example, the President is the commander in chief of the armed forces, but only Congress can declare war.

Again, constitutionally, the President is in charge of foreign policy, but Congress must vote the funds to implement it. He is by no means the first President to find this frustrating.

Since Vietnam, the Congress, as Mr Reagan rightly points out, has sought to encroach on the President's power by enacting a series of laws designed to restrict his freedom to engage in foreign military ventures. He has at least a good debating point when he says that Congress "has not yet developed capacities for coherent, responsible action and needed to carry out the new foreign policy powers it has taken for itself."

But he has gone much further than that. Essentially, he is saying that once the U.S. marines have been sent to Beirut, for instance, all public criticism of the President's Lebanese and Middle Eastern policies must cease.

It may well be true that Congressional agonising over the marines encouraged Syrian intransigence in Lebanon. Congressional refusal to approve the funds Mr Reagan has requested for El Salvador or the

Right-wing rebels in Nicaragua could well torpedo his Central American policy. But that does not mean that Congress either can, will, or indeed should shut up if, as in Lebanon, it becomes increasingly apparent that the original policy was mistaken. Even less so, if, again as in Lebanon, Mr Reagan changes the basic assumptions on which his original policy was founded. Congressmen, who face election every two years, want to tell their voters what they think, and the electors have a right to know.

Most people in Congress agree with Mr Reagan that Central America should not "fall" to Communism. That does not mean that they have also to agree with secret CIA mining of Nicaraguan ports or the unconditional and apparently endless supply of American arms to a dubious regime in El Salvador. Congress has every right to be angry when Mr Reagan tries, as he did last week, to blame it for the failure of policies which he himself initiated, or to demand its support on terms which he has himself laid down.

But, wait, isn't it election year? Maybe Mr Reagan is not really seeking to subvert the constitution. Maybe, as the White House has itself hinted, he is simply setting a trap for the Democrats. Their rage will not necessarily endure the test of an electorate which has little sympathy for Congress at the best of times.

His frustration certainly is genuine, as no doubt is his honesty. If, in fact, he is not really seeking to subvert the constitution, he is simply setting a trap for the Democrats. Their rage will not necessarily endure the test of an electorate which has little sympathy for Congress at the best of times.

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## Abolition of VAT reliefs

From Mr Hubert Scholes

Sir,—Your contributor Professor Cedric Sanford (March 17) points out that the Chancellor could move further down the road of tax reform by attacking reliefs of income and capital gains which benefit particular sections of society at the expense of the general body of taxpayers.

VAT, too, calls for reform. Abolition of reliefs here could yield a substantial gain in revenue, opening the way to a further shift from direct to indirect taxation.

Since VAT was introduced in 1973, food, fuel, transport, construction and other items have been zero-rated, leaving perhaps one-third of consumer expenditure untaxed. These reliefs go far beyond those given by any of our European partners, and indeed contravene Community rules. The revenue currently being foregone is probably around £700 million a year.

There was—and still is—a need to counter the regressive effect of a tax which would otherwise bear heavily on the poorer members of the community who spend a high proportion of their incomes on basic necessities. But indiscriminate zero-rating is a blunt instrument for this purpose. It is wasteful, relieving those who do not need help as well as those who do. It causes anomalies leading to economic distortions, administrative hassles and the risk of evasion.

Moreover, it escapes regular Parliamentary scrutiny so that the cost, in terms of revenue foregone, escalates automatically, irrespective of social needs and priorities.

To take just one example: children's clothes are zero-rated, but the sizes overlap those of smaller women, with the result that an unintended benefit leaks away to adults. If the standard rate of VAT were applied, the revenue gained could be used to increase child benefit, directing the help to those for whom it was intended. This would give parents a wider choice in meeting their children's needs and avoid the present waste and administrative difficulties while keeping the cost under control.

The aim should be to abolish the zero rate across the board, except for exports, and give assistance where it is needed by adjusting social benefits and income tax allowances instead. Probably no more than half the VAT revenue gained would need to be applied to relieving hardship in this way, and the general level of direct taxation.

It would, no doubt, be impracticable to make a change of this kind overnight. Business and other interests would be affected, as we have seen with the decision to tax building alterations and hot take-away food. Moreover, the shift, under

## Letters to the Editor

our present accounting conventions, would lead to an increase in the retail prices index and greater public expenditure on capital goods which benefit particular sections of society at the expense of the general body of taxpayers.

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VAT, too, calls for reform. Abolition of reliefs here could yield a substantial gain in revenue, opening the way to a further shift from direct to indirect taxation.

Since VAT was introduced in 1973, food, fuel, transport, construction and other items have been zero-rated, leaving perhaps one-third of consumer expenditure untaxed. These reliefs go far beyond those given by any of our European partners, and indeed contravene Community rules. The revenue currently being foregone is probably around £700 million a year.

There was—and still is—a need to counter the regressive effect of a tax which would otherwise bear heavily on the poorer members of the community who spend a high proportion of their incomes on basic necessities. But indiscriminate zero-rating is a blunt instrument for this purpose. It is wasteful, relieving those who do not need help as well as those who do. It causes anomalies leading to economic distortions, administrative hassles and the risk of evasion.

Moreover, it escapes regular Parliamentary scrutiny so that the cost, in terms of revenue foregone, escalates automatically, irrespective of social needs and priorities.

To take just one example: children's clothes are zero-rated, but the sizes overlap those of smaller women, with the result that an unintended benefit leaks away to adults. If the standard rate of VAT were applied, the revenue gained could be used to increase child benefit, directing the help to those for whom it was intended. This would give parents a wider choice in meeting their children's needs and avoid the present waste and administrative difficulties while keeping the cost under control.

The aim should be to abolish the zero rate across the board, except for exports, and give assistance where it is needed by adjusting social benefits and income tax allowances instead. Probably no more than half the VAT revenue gained would need to be applied to relieving hardship in this way, and the general level of direct taxation.

It would, no doubt, be impracticable to make a change of this kind overnight. Business and other interests would be affected, as we have seen with the decision to tax building alterations and hot take-away food. Moreover, the shift, under

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# FINANCIAL TIMES

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MERGER CREATES MAJOR NEW FORCE ON WALL STREET

## Shearson/Amex to buy Lehman Brothers

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

THE MERGER of Shearson/American Express and Lehman Brothers Kuhn Loeb will create a major new force on Wall Street with \$1.7bn in capital and special expertise in a wide range of trading and traditional investment banking activities.

Shearson, the third-largest Wall Street brokerage firm, agreed on Tuesday to acquire Lehman Brothers, a leading U.S. investment bank, for \$360m in notes and convertible debt.

The merger is a major step in the rapid expansion of the American Express financial services group. It will create the second-largest Wall Street securities house.

The merger will also mark, however, the end of Lehman Brothers as a blue chip and independent investment bank after 130 years.

Mr Peter Cohen, chairman and chief executive of the new company, to be called Shearson Lehman/American Express, said: "This merger represents an unparalleled opportunity to combine the exceptional and complementary strengths of two outstanding firms."

Tuesday's announcement followed weeks of speculation that Lehman was up for sale. Two weeks ago Lehman strongly denied these

suggestions, although it admitted it was seeking additional capital.

The increasing capital demands of operating within the fast-changing U.S. financial marketplace has put mounting pressure on medium-sized Wall Street firms to compete with the industry's giants like Merrill Lynch (capital \$2.02bn) and Salomon Brothers (capital \$1.28bn), which had been second-largest until Tuesday's deal.

Lehman, burdened by a traditional partnership structure, was unable to respond to major changes within the industry which required substantial capital base. In particular, the emergence of new patterns of trading like Rule 415, the so-called shelf registration procedure, required that Wall Street firms put more of their capital at risk.

These capital constraints are believed to be among the main reasons why Lehman, with \$260m in capital, decided to throw in its lot with a larger firm.

Despite the need for size, however, Lehman Brothers might never have been tempted to make the deal if it had been spared the extraordinary power struggle it has experienced over the last year. Unusually even by Wall Street standards, this contest between the urbane Mr Peter Peterson, the architect of its renewed fortunes in the

early 1970s, and Mr Lew Glucksman, a rough diamond from the trading floor, led to continuing strains in the top echelons of the firm.

Mr Glucksman is a tough disciplinarian with little of the polish of the typical old school investment banker, and he quickly aroused the suspicions of the corporate financiers in the firm. He apparently won the crown simply by telling Mr Peterson, his co-partner at the head of the company, that he wanted sole control. Once in the driving seat, he elevated other dealing room confidantes, increasing their bonuses last year at the expense of the banking partners.

These policies apparently drove the increasingly irritated investment banking wing into the boardroom revolt which brought on the sale. Mr Glucksman emerges from the deal shorn of power as a "consultant", although he will collect about \$14.4m for his stake in Lehman.

Publicity surrounding these conflicts led Mr Cohen earlier this year to approach a Long Island neighbour who also happens to be a partner in Lehman to ask him what was going on.

It was from this contact that the idea of a merger between the two

firms emerged. Mr Cohen, who claimed credit last year for putting together the American Express purchase of the overseas interest of Mr Edmund Sefra's Trade Development Bank, picked up the telephone and called Mr Glucksman.

Ten days ago Mr Cohen and Mr Glucksman began talking terms. The deal that came out of these conversations appeared to be greeted enthusiastically by Lehman's 72 partners.

Although the investment bank does not publish detailed figures it seems that the partners will be making well over twice the value of their own equity in the company - the shareholders' funds of around \$200m include some funds held by BCI, the Italian bank.

Under the terms of the proposed deal the partners and 100 principles of Lehman Brothers will receive about \$180m in convertible debt securities and \$180m in subordinated instalments notes.

Mr Cohen said yesterday that as part of the agreement the partners have also been required to sign continuing employment contracts.

Aside from expected cost savings - principally in the clerical and administrative divisions - Mr Cohen said yesterday that the merger will substantially broaden and enhance Shearson's existing brokerage and

investment banking activities. Lehman has particular strength in the investment banking field, expertise in mortgage-backed securities, money market trading and a significant upscale retail brokerage business.

Shearson will bring to the new company \$1.2bn in capital and an extensive distribution system.

American Express emerged as a principal player on Wall Street three years ago, when it acquired Shearson Loeb Rhoades, a large brokerage firm built by Mr Sandy Weill, now American Express's president, for \$300m.

Shearson has continued under the American Express group banner, to emphasise its retail brokerage business.

The new deal will bring additional investment banking and bond trading expertise - both Lehman specialities - to the group. Last year Lehman made net profits of \$80m, the fifth successive year it has reported higher earnings.

Shearson remains a principal contributor to American Express earnings and revenues. Last year the investment services division reported earnings up 41 per cent at \$175m, helping to offset heavy provisions in American Express's Financial Fund Services unit. J.P. Morgan results, Page 25

THE LEX COLUMN

## Life without the Hambros

Mr Jacob Rothschild appears to treat the UK financial services revolution like a game of musical chairs in which anyone holding less than a billion or so of assets when the music stops has to drop out. This kind of entertainment is clearly rather confusing to the City of London, which greeted the Rothschild camp's latest move with distinctly mixed feelings - shares in Charterhouse J. Rothschild closed unchanged on the day at 123p.

The confusion is understandable. While there is no doubt that an ever growing balance sheet will open up fresh opportunities and markets to both CJB and Allied Hambros, it is far from clear where precisely the merger will lead. The transaction was being presented yesterday as a way of bringing the well-trodden management structure of Hambros to bear on a larger group but something similar was said of the earlier RIT link with Charterhouse.

Leaving management aside, the merger will provide Hambros with access to far more capital than it could ever have developed on its own, while CJB will enjoy the benefit of a ready-made retail distribution network down which to push its investment ideas. The co-operation could in theory extend over corporate finance, fund management and, in the end, even commercial banking, but the integrated financial services company which must be the ultimate goal still looks a long way from fruition.

Integration is made no easier by the better-sketched pace of Rothschild growth. The 29.9 per cent investment in Kitch & Aitken, for example, looked roughly appropriate to the size of the then RIT & Northern when it was made. By now, however, CJB must have its eyes on bigger fish if it is to maintain a balance between retail and wholesale

distribution. In the same way, its link with Hambros Life now makes the CJB investment in Target look almost a historical irrelevance.

Investors in CJB will probably not balk at the asset and earnings dilution implied by the Hambros deal. Like the shareholders of Hambros Life itself, they are backing people as much as assets. For Hambros Bank, yesterday's transaction is relatively clear cut. The removal of so large a shadow will probably be some relief and the proceeds will at least give the new management the opportunity to prove that they, too, understand a thing or two about shopping in the financial services market.

**Woolworth/Comet**

The Comet board clearly believes in short engagements, since barely 24 hours were allowed to elapse between its acceptance of a £154m bid from Harris Queensway and its giving an irrevocable undertaking to throw in its lot with Woolworth Holdings.

The consideration in this case of Comet shareholders is an extra £23m - the Woolworth bid is worth about 210p a share - and besides, Comet apparently regards the marriage between itself and Woolworth as providing a good business fit. Harris Queensway could be forgiven for resenting the proposal.

This is Woolworth's first major acquisition since it was reconstituted, but it is not a complete break with earlier strategies. Like the highly successful B&Q chain, purchased by the old Woolworth, Comet should provide an edge-of-town complement to an existing Woolworth business, and make for some degree of cross fertilisation. Comet's sales service capacity will help to upgrade Woolworth's own electrical retailing, while Comet's

fringe operations in DIY should appear comfortably into B&Q. The large cash element of the bid - only 37.4 per cent of the offer is in Woolworth equity - means there should be an immediate improvement in Woolworth's earnings per share. Yet the £110m of cash could raise gearing to about 80 per cent - disregarding goodwill in the purchase price. That is quite a mouthful, even for a company which wiped £10m off its borrowings last year.

**RIT**

The market was rather rude about RIT's figures yesterday, pushing the shares down 33p to 67p. But then, the previous two days had seen a rise of 33p, with investors in a latter of enthusiasm over some pretty fancy forecasts produced at the last minute.

In fact, it is hard to quarrel with a 65 per cent rise in pre-tax profits, to £57m, and a two-thirds jump in net earnings. Recovery at the heart of the business is starting to come through, in metal prices especially, and looks set to continue at least into the current year.

The more consumer-oriented divisions - Borex and RIT Industries - will tend to lag in the capital investment stage of the cycle, having bailed the group out in the darker days of the recession. But assuming a further firming in metal prices, and no dramatic collapse in the dollar, this year's net profits should be around £10m-£12m.

At that point, ACT problems could well resurface, lending credence to the market's feeling that any acquisition - in oil and gas, say - could well take place in the UK. With net debt at £1.28bn, this raises the possibility of the issue of new paper. That apart, the shares do not look particularly demanding on a prospective multiple of just over 9.

## Europeans challenge Pentagon on arms

BY BRIDGET BLOOM IN BRUSSELS

EUROPEAN governments in Nato are to challenge the U.S. to adopt European high-technology weapons.

European ministers responsible for defence procurement have produced a list of nearly 400 weapons systems which they claim incorporate new or emerging technologies. They expect Nato as a whole to endorse some of the systems for alliance co-operative development and deployment.

The ministers' move comes as a joint European response to a U.S. initiative which was originally greeted with suspicion and some hostility by European governments and defence industries.

Mr Casper Weinberger, the U.S. Defence Secretary, proposed 15 months ago that alliance governments adopt a programme to develop emerging technology (ET) weapons. This was in an effort to strengthen Nato's non-nuclear forces and raise the threshold at which nuclear weapons would have to be used in any war in Europe.

The initiative was widely seen as an attempt to railroad Europe into buying U.S. weapons systems.

Some governments, including Britain and West Germany, were also anxious that the Pentagon appeared to be fostering new weapons on Nato without having fully worked out concepts for their use.

The initiative was stalled over the past year as European governments insisted that more studies were necessary.

It now appears that with the for-

mulation of the joint European position on ET, European governments have accepted as inevitable the adoption of such weapons, which are principally designed to hit targets at much greater ranges.

They appear to have decided to join rather than to oppose the U.S. on the issue, although many of their reservations have still to be resolved in negotiations.

The European list was produced at last week's meeting of the Independent European Programme Group (IEPG), a body including France, which was formed in the late 1970s to discuss European arms co-operation. It had become virtually moribund but is now under Dutch chairmanship and seems to have developed a new lease of life.

Observers say that this is the first time in many years that European governments have adopted such a strong European position. The move is seen, however, as a recognition that unless Europe co-operates in armaments production it will soon be dominated by U.S. competitors.

The joint position on ET is still in outline form. The list includes virtually all major and many minor systems under development or to be introduced over the next 10 to 15 years.

The systems range from a third generation anti-tank guided weapon, being planned by France, Germany and Britain; to a variety of communications and target acquisition equipment.

## Rhône Poulenc returns to profit

By David Marsh in Paris

RHÔNE-POULENC, the French nationalised chemicals group, returned to profit last year after several years of heavy losses, turning in net earnings of FF 98m (\$12.17m) after a loss of FF 844m in 1982.

The return to profitability, a feat which the company had earlier expected to take at least one more year to achieve, was mainly due to a strong showing in pharmaceuticals and its machine chemicals activities.

Rhône-Poulenc has also been aided by the overall restructuring of the French chemicals industry, decided by the Government, over the last year. It has disposed of its loss-making fertilisers business and received on favourable terms fine chemicals operations previously owned by the Pechiney group.

Turnover last year rose 16 per cent to FF 43.1bn from FF 37.2bn in 1982. On the basis of unchanged group structure, principally after allowing for the fine chemicals takeovers, turnover rose just over 10 per cent, according to preliminary figures released yesterday.

The second half showed a clear improvement in sales compared with the first six months of 1983 when adjusted turnover rose only 8 per cent.

Showing the improvement in underlying profitability, the group's operating profits rose 30 per cent last year to FF 2.87bn from FF 2.21bn.

Provisions for restructuring last year rose to FF 799m, from FF 782m in 1982. Although it clearly benefited from the upturn in the international economy towards the end of last year, Rhône-Poulenc continued to be hampered by difficulties with its Brazilian operations, which remained profitable last year, however, the company said.

Leroy-Somer, the rapidly expanding French manufacturer of electric motors, experienced a stagnation in net consolidated profits last year, writes David Hovell.

Net group earnings levelled off at FF 42m on the basis of a 10 per cent rise in turnover to FF 2.88bn. The results do not include sales by King Bearing, the Californian-based distribution group that Leroy-Somer took over in December, or earnings of the former electric motors division of Alstom-Alcatraz, which Leroy-Somer acquired in 1982 and which made a marginally positive contribution to the group's results.

## Alfa Laval plans U.S. share issue

BY DAVID BROWN IN STOCKHOLM

ALFA LAVAL, the Swedish farm equipment and process engineering group, is preparing for a U.S. share issue to raise "substantially more" than last year's SKr 270m (\$34.6m) private placement in London.

The group has engaged Stanford Research, the California-based consultants, to identify U.S. acquisition targets. It is also understood to be considering further purchases in the Far East.

The move is part of Alfa Laval's strategy to cut its dependence on the Swedish market sharply, according to Mr Harry Fahlberg, group president. Among other things, restrictive Swedish exchange regulations have forced financing of foreign expansion through expensive borrowing abroad, he said.

Ninety per cent of Alfa Laval's annual sales of SKr 9.5bn are generated outside Sweden, while 50 per cent of production is still domestically based. Only a third, or about

SKr 730m of the group's liquid assets are outside the country.

With potential growth in its traditional agricultural business limited, Alfa Laval is targeting such fields as food process control systems and biotechnology hardware for expansion.

The group acquired two U.S. companies last year at a cost of some \$20m. Florida Capital, one acquisition, owned a specialised bacon slicing and weighing equipment company, Cashin. Another acquisition, West Chemicals, makes farm detergents.

The group is adjusting its book-keeping procedures to conform with U.S. market rules, and will probably apply to the Securities and Exchange Commission for the U.S. issue early next year, said Mr Lars Trane, group finance director.

Alfa Laval's pre-tax profit climbed 27 per cent to SKr 803m last year. Roughly half the growth was related to currency translation in the wake of the 1982 devaluation of the Swedish krona.

## Statsföretag in black

BY OUR STOCKHOLM CORRESPONDENT

STATSFÖRETAG, the Swedish state-owned holding group now emerging from an expensive restructuring process, has reported 1983 pre-tax profits before extraordinary items of SKr 523m (\$68m) against a loss of SKr 299m in 1982. The group is hoping to match this result this year.

Sales were ahead 13 per cent to SKr 11.3bn, excluding units sold to the state.

The operating result of SKr 1bn was ahead by 47 per cent. Net interest costs fell by SKr 27m to SKr 165m, due almost entirely to interest on the SKr 2.4bn received from the sale to the Government of several subsidiaries.

Those sales eliminated two big problem areas, but several trouble

spots remain, said Mr Karl Aman, managing director. Among them are the Elser textiles unit, Uddcomb, a nuclear reactor vessel company, and the Regkonvint industrial development company.

Both the Berono and Derol Kemi petrochemicals units showed continued improvements, in the latter case due to loan write-offs and asset write-downs. Kabinövint, the biotechnology unit, lifted pre-tax results from SKr 61m to SKr 175m.

Group exchange losses fell sharply from SKr 351m to SKr 44m. Total government aid last year, the final instalment expected under the restructuring plan, totalled SKr 498m.

The bulk of the group's earnings, SKr 541m, was again generated by AB Procordia, the state tobacco monopoly.

## Daon stalls on funding

BY OUR FINANCIAL STAFF

DAON Development, the Vancouver-based property group which has been on the brink of collapse, said yesterday that a British-backed £519m (US\$125m) equity financing outside Canada may not take place as planned.

The company said it was experiencing a continued strengthening of U.S. markets, particularly in California, and "we do not feel the same urgency to complete an equity financing at this time."

Mr Edward Leighton, a little-known British property developer, was the key figure behind the plan for new equity, which would have formed the second stage of a rescue plan, following a complex restructuring of £31.7m of debt approved by creditors and shareholders.

Daon now says it is examining the sale of certain properties and other alternatives to strengthen its balance sheet over the next three years.

## Kawasaki wins Singapore contract

Continued from Page 1

No official announcement has been made on sub-contractors, but the MRTB statement said that the propulsion system would be controlled through an energy-saving technology which is known to have been proven by Mitsubishi Electric. This means that a British sub-contractor, GEC, has also lost out.

The Japanese bid is also understood to mean work for Duwag of West Germany (railcar bogies), Scharfenberg of West Germany (couplings), Sig (gangways) Stones

of the UK (air conditioning) and possibly Westinghouse of the UK or Knorr-Bremse (West Germany) for the brakes.

The agent for the Kawasaki bid in Singapore was Mitsui, the Japanese trading house, advised by N. M. Rothschild (Singapore) in association with Davenham Engineering of Hong Kong.

Meanwhile, the results of two other electrical and mechanical contracts, for power supplies and

cabling, are to be announced soon. It was expected, the winners of these are Japanese. It would mean that only one of the four main contracts in this field went to a non-Japanese bidder. That was for signals and platform screens, which was won by Westinghouse Brake and Signal of the UK in January.

Announcement of the railcar contract brings to a conclusion one of the most hard-fought battles for any of the contracts in Singapore's metro project.



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Area	C	F	Area	C	F	Area	C	F	Area	C	F
Algeria	18	64	Belgium	15	59	France	15	59	Germany	15	59
Austria	15	59	Denmark	15	59	Finland	15	59	Greece	15	59
Brazil	25	77	France	15	59	Germany	15	59	Italy	15	59
Canada	15	59	France	15	59	Germany	15	59	Japan	15	59
China	15	59	France	15	59	Germany	15	59	South Africa	15	59
India	15	59	France	15	59	Germany	15	59	Spain	15	59
Japan	15	59	France	15	59	Germany	15	59	Sweden	15	59
USA	15	59	France	15	59	Germany	15	59	Switzerland	15	59
UK	15	59	France	15	59	Germany	15	59	USSR	15	59

Japan is 15

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## Buoyant first quarter lifts J. P. Morgan 24%

BY TERRY DODSWORTH IN NEW YORK

J. P. MORGAN, the New York bank holding group which owns Morgan Guaranty, reported a 24 per cent jump in consolidated net income in the first quarter of this year, mainly through gains in the non-interest earning sector of the business.

Profits amounted to \$146m, or \$3.32 a share, against \$117.8m, or \$2.78 a share in the same period of last year. That also represented a significant improvement over its performance in the final quarter of last year, when earnings amounted to \$126.1m.

Morgan conceded that the results were helped by the inclusion of Ar-

gentinal interest payments on its public-sector loans at the end of the period - income which was only assured by late negotiations and the intervention of the U.S. Treasury last month. Provision for credit losses were also \$25m lower than in the equivalent 1983 quarter.

The figures illustrate the rising cost of funding suffered by U.S. banks in the first quarter, with Morgan's net interest earnings falling by 5.7 per cent from \$395m to \$372m.

Non-interest earnings benefited from a change of rules to eliminate a one-month time lag in the report-

ing of the results of overseas subsidiaries. As a result, the accounts include \$12m of net income for the December period in overseas branches.

Fees and commission income also showed a sharp increase, from \$44.8m to \$75.8m, while agency income increased from \$50m to \$61m, and security trading gains rose to \$5m against a loss of \$4m a year ago.

Total assets during the quarter averaged \$59.7bn against \$58.9bn a year ago, and the bank generated an average return of 0.98 per cent on these assets.

## Offer to Shell employees defended

By Our New York Staff

ROYAL DUTCH/SHELL acted yesterday to dampen down institutional opposition to its plans to pay a premium to employees of Shell Oil, its U.S. affiliate, as part of its bid for the minority shareholding in the company.

SPNV Holdings, the Royal Dutch subsidiary making the offer, said yesterday that the employee compensation payments were being made "to preserve retirement benefits." They did not constitute a higher price for shares purchased as a part of the tender offer.

Shell Oil shareholders are being offered \$56 a share for the 30 per cent of the company that Royal Dutch does not already own. The Anglo-Dutch group is proposing to pay an \$8 premium to the U.S. company's 28,000 employees, who are members of the Shell Stock Fund, to preserve retirement plan benefits "which would be reduced if shares within those plans were to be converted into cash."

The announcement yesterday comes after considerable opposition to the premium payment proposal from non-employee shareholders.

## Homestake to merge with Felmont Oil

By Our Financial Staff

HOMESTAKE Mining, the largest U.S. gold producer, has made its first important move into the oil and gas business through an agreed \$400m merger with Felmont Oil, the New York-based exploration and production company.

Under a definitive agreement unanimously approved by both companies' boards, Homestake will issue 1.155 shares of its own common stock for each Felmont share. However, the average closing price of Homestake stock must stay between \$30 and \$36 a share during a period from March 1, 1984, until two days before the expected closing of the deal in July.

The share exchange ratio will be adjusted if the average price of Homestake shares falls outside these limits. Homestake's shares have ranged between \$25 and \$37 in the past year, and closed on Tuesday at \$33.

## Norwegian groups sell cruise line for \$240m

BY FAY GJESTER IN OSLO

THE NORWEGIAN shipping companies, Bergen Steamship and Nordenfjeldske have announced the sale of their jointly owned cruise line company Royal Viking Line for \$240.5m - one of the largest ship sales ever negotiated in Norway.

The group's fleet of three large cruise vessels will be acquired by a group of investors headed by J. H. Whitney and Co. of the U.S.

Of the purchase price, about two thirds represents debt on the ships, which the buyers will shoulder. Of the remaining third - about Nkr 650m (\$86.5m) - Whitney is prepared to let Nordenfjeldske/Bergen Steamship have Nkr 500m in cash, while the remaining Nkr 150m will be an interest free credit - repayable in full by 1992, but at a rate that will vary according to how the cruise line prospers.

Royal Viking Line made a loss of

Nkr 100m in 1982 and last year's loss is estimated at around Nkr 113m, reflecting the temporary slump in the cruise trade. The line is now profitable, running cruises to a wide range of destinations, normally starting from U.S. ports.

Its three ships Royal Viking Sea, Royal Viking Star and Royal Viking Sky, were built at Finland's Wärtsilä yard in the early 1970s. All have since been enlarged and refurbished, at a total cost of \$100m. This process, which involved slicing them in half and inserting new mid sections, was completed in 1983.

Mr Arne Strand, managing director of Nordenfjeldske and board chairman of the cruise company, said the original intention had been to sell only a one-third interest.

However, foreign investors, while reluctant to take a minority stake in a Norwegian company, were in-

terested in acquiring the whole operation. The companies had therefore decided to sell out, and invest the capital in other projects.

Elkem, the Norwegian mining, metals and manufacturing group, is selling a third of its 45 per cent stake in Icelandic Alloys, a ferroalloy smelting plant in Iceland in which the Icelandic Government holds a 55 per cent interest. The buyer is Sumitomo Corporation of Japan.

The plant, built in 1979-80, is in need of refinancing after losses over the past few years caused by high capital costs and low prices for ferroalloys during the recent recession. By selling part of its stake to Sumitomo, Elkem can raise the funds necessary for its share of the refinancing without having to borrow or draw on reserves.

## Demand growth boosts Mead

By Terry Byland in New York

MEAD Corporation results improved sharply during the first quarter following an expected growth in demand for its paper and paperboard operations. Net earnings of \$21.8m or 71c a share compare with a loss of \$10.4m in the previous corresponding period.

Mead closed down three industrial products divisions and its Ink Jet printing business, which made a loss for the 1983 first quarter of \$12m.

Sales for the opening three months of this year showed a gain of 20 per cent to \$857.3m. Mr B. Roberts, chairman and chief executive, commented that the group's paper operations had benefited from improved pricing as well as increased demand, which brought earnings and production to record levels.

Coated papers are being sold to customers on an allocation basis only, and markets for both paperboard and corrugated paper are very firm.

The work stoppage at the pulp mills in British Columbia cost Mead 18c a share in the first quarter. Work was resumed on Tuesday.

## U.S. utility cuts payout

By Our Financial Staff

CONSUMERS Power, the large southern Michigan utility, has raised its estimate for the cost of completing one of two nuclear power units at its Midland plant to \$3.95bn, and reduced its quarterly dividend from 63 cents to 35 cents.

The moves are the latest indication of the crisis in the U.S. nuclear power industry, which has left several utilities with qualified 1983 accounts.

## Celanese continues recovery

By Our Financial Staff

CELANESE, one of the largest U.S. producers of man-made fibres, has continued a recovery which began in the second quarter of 1983 by posting first-quarter net earnings of \$44m or \$2.74 a share against \$6m or 32 cents.

Sales rose from \$768m to \$837m, and the company attributed the sharp rise in earnings to cost controls, higher productivity, and improved management structure.

Mr John D. Macomber, chairman, said demand for U.S. chemicals remained steady at the higher levels reached in the second quarter of 1983, although price weakness persisted in some product lines.

## Defence boost for Raytheon

By Our New York Staff

RAYTHEON, the U.S. defence electronics, engineering, construction and appliances group, reported first-quarter profits ahead at \$78.2m or 94 cents a share, against \$72.9m or 88 cents.

Sales rose to \$84.6m from \$84.4m, and the backlog of orders climbed to \$8.5bn from \$8.3bn.

The favourable performance of the defence electronics sector was partly offset by disappointing figures from the commercial data processing business, the group said.

Sales and earnings of principal appliances were at record levels.

## Gain in consumer demand lifts GE

BY OUR NEW YORK STAFF

GENERAL ELECTRIC, the U.S. electrical group, lifted net profits by 14 per cent in the first quarter of this year on a sales gain of 6 per cent.

The company's announcement, the first from a top manufacturing enterprise in the quarter, confirms the strength of U.S. consumer demand in the period, but also illustrates the gathering momentum of orders from commercial and industrial markets.

Earnings in the quarter totalled \$425m or \$1.07 a share, against \$425m or 93 cents in the same period of 1983. Sales rose to \$8.58bn from \$8.1bn.

Mr John Welch, chairman, said that near-term prospects for the economy were favourable, with capital spending on the upswing to "complement the strength in con-

sumer durables, housing and defence." He expressed strong doubts, however, about longer-term economic policies. Mr Welch said he was concerned about increasing U.S. interest rates.

He added that increasing volume combined with continuing productivity improvements had led to high operating margins.

Weak areas of the business were in locomotives, turbines and offshore operations.

GE plans to expand its electronic mail service and introduce a worldwide computer-to-computer data communications network.

Under a joint agreement with Wang Laboratories, GE will provide a system for transferring documents between Wang computers.

## Westinghouse advances

BY OUR NEW YORK STAFF

WESTINGHOUSE Electric, the diversified U.S. electrical, industrial and broadcasting group, increased net profits by a little over 16 per cent in the first quarter of this year despite a fall in sales.

Earnings amounted to \$118.6m or \$1.32 a share, against \$100.3m or \$1.13 a share, in the same quarter a year ago. Sales fell from \$2.29bn to \$2.27bn.

Mr Douglas Danforth, who took over as chief executive at the end of last year with a promise to ginger

up earnings in some of its mature businesses, said that he had been encouraged by the increase in operating profit margins and by the improvement in incoming orders.

Order rates were particularly strong in the defence electronics and commercial groups and we continue to see signs of order rate improvement for industrial and construction products," he added.

Last year, Westinghouse's earnings were virtually static at \$450m, but operating profits advanced sharply in the 1984 quarter.

All of these Securities have been offered outside the United States.  
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New Issue / April, 1984

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April 1984

**THE REPUBLIC OF TURKEY****U.S. \$232,519,118****Medium Term Facilities**

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**American Express International Banking Corporation****INTL. COMPANIES & FINANCE****Daewoo group earnings rise 19%**

BY ANN CHARTERS IN SEOUL

DAEWOO CORPORATION, the parent company of the diversified Korean construction group, has reported net profits of U.S.\$45m for 1983 on sales of \$4.25bn. Mr Lee Kyong-Hoon, the company's president, said the bulk of the profits came from overseas construction activities, but earnings were lower than anticipated due to a downturn in Middle East construction orders. The corporation's other business, trading, barely made a profit because of the highly competitive nature of the activity.

However, earnings were still 19 per cent higher than the \$37.8m of 1982 which was achieved on sales of \$3.35bn. Earnings per share were 34 cents, against 29 cents.

Revenues from construction totalled \$1.35bn in 1983, with \$1bn resulting from overseas work. Projects in North Africa and South-East Asia were the most profitable.

On the trading side, export sales of \$2.5bn were led by ships and offshore structures, followed by textiles. The corporation accounted for 10.4 per cent of South Korea's exports in 1983.

Daewoo is the only major Korean group to publish consolidated results for its parent company and some of its subsidiaries. Results from only six

companies are consolidated in this report. They are Koryo Leather Industrial, which manufactures shoes and leather goods; Daewoo Electronics, which manufactures audio-electronic products; Dongwoo Development, a hotel management company which opened the Daewoo Hotel in Seoul; Steel Chemical, which produces coal-tar derivatives; Korea Capital, which provides long-term financial services; and Daewoo International (America), the only overseas subsidiary included. Woonlim Industrial, a garment manufacturer, changed its name to Daewoo Apparel and is no longer consolidated.

Only companies of which Daewoo Corporation owns more than 50 per cent are consolidated. Affiliated companies, of which Daewoo owns between 20 to 50 per cent, have an equivalent portion of their earnings included.

Other companies well-known internationally within the group's 26 affiliates include Daewoo Shipbuilding and Heavy Machinery which showed its first profit in 1983 of \$7m on sales of \$620m.

All its sales were exports from the Okpo shipyard, completed just two years ago. Daewoo Corporation owns 47 per cent of the company, and

the Government's Korea Development Bank has 33 per cent.

Daewoo Heavy Industries, in which Daewoo Corporation is the largest single shareholder with 32 per cent, posted a net profit of \$10m on sales of \$383m last year. The company, which manufactures rolling stock, diesel engines, defence items, and earth moving equipment, signed an agreement with Caterpillar Tractor of the U.S. in 1983 to make small fork-lift trucks to be sold worldwide. Moving into higher technology fields, DHI has recently signed a contract with General Dynamics of the U.S. to manufacture and assemble fuselages for the F-16 fighter aircraft. It is the first Asian company to supply air-frame components for the aircraft.

Daewoo Motor, a 50-50 joint venture with General Motors of the U.S., is also unconsolidated. It recorded its first net profit after three years of losses, due primarily to booming domestic car sales. A net profit of \$11m on sales of \$366m reversed a \$28m loss in 1982, and sales increased by 49 per cent.

Daewoo assumed management control of the company last year, introduced a redesigned small car, and moved its share of the domestic passenger car market up to 32 per cent.

Daewoo Electronics, one of the consolidated companies, has made a major shift in direction. Last year the company acquired a major home appliance manufacturer, Taishan Electric Wire Company, and entered the domestic market for consumer durables. After a loss in 1982, the company moved into the black with sales of \$225m and a net profit of \$5.7m.

The Daewoo group also established a new general electronic communications company last year. The company signed licensing and technical agreements with Canada's Northern Telecom, covering telecommunications, switching, systems, semiconductors and optic fibres. Daewoo Corporation holds 35 per cent of the equity in DTC.

Daewoo Corporation itself, which generates close to 40 per cent of the group's profits, expects domestic and overseas sales of electronic products and telecommunications equipment to grow during 1984, while heavy industry exports will continue to be strong. Despite growing protectionist actions in some of its traditional markets, the company expects to boost exports to \$50m, a 20 per cent increase over last year. The company also aims at tripling its overseas construction orders.

**Suzuki venture relaunched in Pakistan**

By John Elliott in Karachi

JAPAN'S FIRST car making venture in South Asia, which produces Suzuki vehicles in Pakistan, has been relaunched after running into major difficulties with labour troubles and poor productivity during its first 18 months.

About 450 of the 1,400 labour force at the venture, which also assembles Suzuki motor cycles, have been made redundant and trade union agreements inherited from earlier operations in the factories involved have been scrapped by the government-owned Pakistan Automobile Corporation (PACO), the majority shareholder.

Pakistan started assembling Suzuki vehicles in Karachi from September 1982 under an agreement aimed at the gradual transfer to full manufacture of up to 20,000 vehicles a year. This was 18 months ahead of India starting to assemble the same car under a separate agreement involving the Government-owned Maruti company of New Delhi.

Unlike Maruti, which has new facilities, work began in Karachi in an old manufacturing works and poor managerial and labour practices were inherited. The companies involved were Awami, which used to assemble Ford vehicles, and Sind Engineering.

Productivity last year was only 80 per cent of the level Suzuki considered acceptable, even allowing for very low levels of production technology. Suzuki became increasingly concerned during the year about the two hours compulsory overtime a day, wasted working time, and general inefficiency.

In January after months of delays, the company that would own the new enterprise, Pak-Suzuki, was created. This provided an opportunity to relaunch the \$500m project, reluctant managers and workers having been prepared for the changes.

PACO was legally allowed to dismiss the workers, and terminate trade union agreements. This went ahead despite some protests.

Both PACO and Suzuki say that productivity and quality of finished products have improved considerably in the past three months. Vehicle production has increased by 50 per cent to about 80 vehicles a day with the reduced labour force.

In the new Pak-Suzuki company, Suzuki holds 51 per cent stake and PACO 49 per cent. The balance is to be sold to the public.

**Altech boosts profits and pays increased dividend**

BY OUR JOHANNESBURG CORRESPONDENT

Allied Technologies (Altech), the South African electrical and electronics group, lifted turnover by 38.6 per cent to R410m (\$325m) in the year to February 29 1984 from R296m, while pre-tax profit increased by 31.2 per cent to R71.6m from R54.5m.

Mr Bill Venter, the chairman, says Altech's growth during a recessionary period shows its ability to handle high technology through careful management and controls. The telecommunications division increased sales of traditional transmission equipment and enjoyed growth in the digital microwave sphere.

Several new franchises have

been obtained in the electronics component field. At the end of February, Altech's order book was R321m against R266m a year earlier and it is confident it will be able to take advantage of any significant economic improvement.

A dividend of 104 cents has been declared from earnings of 348.6 cents a share. In the previous year, earnings were 281.6 cents and a total dividend of 80 cents was declared.

Power Technologies (Power-Tech), the power equipment arm of Altech, has increased pre-tax profit by 6.8 per cent to R13.3m from R12.48m. Turnover rose by 6.1 per cent to R103.6m from R97.6m.

**Wheelock Maritime loss deepens**

HONG KONG — Wheelock Maritime International, the shipping company, has reported a net loss of HK\$60.3m (U.S.\$7.7m) for 1983, compared with the previous year's loss of HK\$69,246.

The company, which is wholly-owned by Wheelock Marine, the diversified trading group, also reported an extraordinary loss of HK\$175.9m and an unrealised exchange gain of HK\$38m, making the year's total net loss HK\$228m compared with a HK\$15.5m in 1982.

The company has decided not to pay a dividend and has transferred HK\$200m to the accounts from the fleet reserve. Vessel sales are expected to substantially reduce group commitments.

The company said it had extraordinary earnings of HK\$29.2m in 1983, up from HK\$15.9m of a year earlier. Hongkong Wharf has declared a final dividend of 13 cents per share, against 11.5 cents making a total of 27.5 cents, compared with 16 cents.

AP-D

Weekly net asset value



**Tokyo Pacific Holdings (Seaboard) N.V.**  
on 9th April 1984, U.S.\$104.22

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V.  
Herengracht 214, 1016 BS Amsterdam.

**\$2,093,159,000 (Maximum Amount)****Zero Coupon****Certificates on Government Receipts****Series 2****Coupon COUGAR's due Semiannually****November 15, 1984 - May 15, 2004****Principal COUGAR's due May 15, 2004**

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April 1984

Maturity Date	Maximum Aggregate Face Amount	Minimum Denomination Face Amount
Coupon COUGARs		
11/15/84	\$45,294,000	\$1,000
5/15/85	37,125,000	1,000
11/15/85	37,125,000	1,000
5/15/86	37,125,000	1,000
11/15/86	37,125,000	1,000
5/15/87	37,125,000	1,000
11/15/87	37,125,000	1,000
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5/15/02	37,125,000	1,000
11/15/02	37,125,000	1,000
5/15/03	37,125,000	1,000
11/15/03	37,125,000	1,000
5/15/04	37,125,000	1,000
Principal COUGARs		
5/15/04	\$2,093,159,000	\$1,000

**Citicorp Overseas Finance Corporation N.V.**

(Incorporated with limited liability in the Netherlands Antilles)

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The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. Interest will be payable annually in arrears on April 15 commencing April 15, 1985.

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April 12, 1984

NEW ISSUE

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March 1984

## INTL. COMPANIES &amp; FINANCE

## GM to help Japanese partners sell small cars diverted from the U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS' chairman, Mr Roger Smith, says his group will do everything possible to help its Japanese associates Isuzu and Suzuki sell small cars originally intended for the U.S. elsewhere in the world.

The Japanese companies will be able to export only one-quarter of the cars they had hoped to ship to the States this year, because of the limitations agreed between the U.S. and Japanese governments.

"I'm sure we can help them. We have a much bigger dealer network throughout the world than either of those companies," Mr Smith points out. "Those cars should do extremely well in South-East Asia for example."

The U.S. company has already agreed to principle to sell about 30,000 of the Isuzu cars through its contacts in South America, the Middle East and South-East Asia in 1984-85.

GM, the world's largest automotive group, had ambitious plans to capture a major share of the small car market in the U.S. It hoped to import 200,000 cars a year from Isuzu, starting this spring, and 70,000 from Suzuki.

GM owns 34 per cent of Isuzu and lent it \$200m towards the development of the car to be sold in the U.S. Conversion of the loan would increase GM's holding to 43 per cent.

So far, conversion has not taken place. Mr Smith insists that GM has no desire to take over Isuzu. His company took the option "because Isuzu needed the money."

To cement its deal with Suzuki, GM provided \$36m in exchange for 5.3 per cent of its equity. Suzuki subsequently spent about \$17m on a new assembly plant, exclusively for the so-called SA310 car, at Kozai near Tokyo. About half the output was supposed to go to the U.S. and like the Isuzu vehicles, they were to be sold through GM's Chevrolet dealer network.

However, under the terms of the import restrictions agreed between the U.S. and Japan for the year beginning this month, Isuzu will be able to export only 50,000 cars while Suzuki's quota is 17,000.

As a result, GM will restrict sales to only nine Western states—the numbers do not justify national distribution.

Mr Smith believes it is unlikely that the limitations on

Japanese car shipments to the U.S. will be removed entirely for some time. "Once they are in place, controls like that seem to go on for a while."

He admits that GM cannot build small cars profitably in the U.S. at the moment, so the group has turned to the Japanese as an interim measure. "We think we can sell 1m cars a year in that (small car) end of the market—we have four or five divisions all wanting their own versions," he points out.

The original intention was

"This is a unique situation," says Mr Smith. "We had an empty plant and Toyota had what you might call an 'empty car'—one that would not have gone on sale in the U.S."

GM has hedged its bets by agreeing recently to expand its joint venture company in South Korea, Daewoo, to boost its capacity in Seoul from 80,000 to 240,000 a year. Each company initially will invest \$125m each and the total eventually could rise to nearer \$500m.

Under the terms of the deal, GM has the option to ship half

said it will boost car sales in Western Europe to compensate for the restrictions it faces in the U.S.

Originally it intended to ship 1,000 a month to Europe, but has increased the planned total to 3,000 a month. That would be more than double Suzuki's registrations in Europe, which have been about 20,000 a year.

GM is also using Japanese commercial vehicles as a stop gap while it pulls together its own "world truck" programme for the 1990s. This project combines the resources of GM's commercial vehicle operations in the U.S. with those of its Brazilian offshoot and of the Bedford subsidiary in Britain.

Mr Smith said the "world truck" programme would be phased in end in the meantime, "to keep our dealers happy." GM would sell Japanese products.

GM has already launched in the U.S. a medium weight truck from Isuzu and the Japanese company's "M" van will be added in the autumn. It expects to sell about 900 of the medium trucks, aimed at a market niche for 12 to 13 tonnes, this year and that the total will rise to about 5,000 by 1988.

In Britain, GM is spending about £70m to re-engineer and bring into production a one-tonne van from Isuzu.

The UK content of the van will be pushed to 80 per cent of the ex-factory value as quickly as possible, so that it can be sold in Europe as a Bedford vehicle.

Production of the van, based on the Isuzu WTR, is due to begin at the end of this year and when fully on stream is scheduled to be an annual 20,000 of which half will be exported.

GM feels it can do well with the van in Italy and France in particular, because those countries have an almost-total ban on Japanese vehicle imports but will not be able to exclude the British-made Isuzu.

To cement further their relationship, GM and Isuzu have set up a joint commercial vehicle marketing company for Europe. Based in West Germany, it is 51 per cent owned by the U.S. group and will sell both Bedford and Isuzu models.

GM is also considering further investment for the assembly of Suzuki micro-vans by Bedford in Britain. However, there is no possibility that these will go into production before the end of 1985.

the extra Daewoo cars—based on a design provided by Opel, its West German subsidiary—to the U.S. if it needs them.

Mr Smith continues to stress all these measures are only temporary and that GM is working hard on the so-called "Saturn" project, to devise not only a small car but new methods of producing a small car profitably in the U.S.

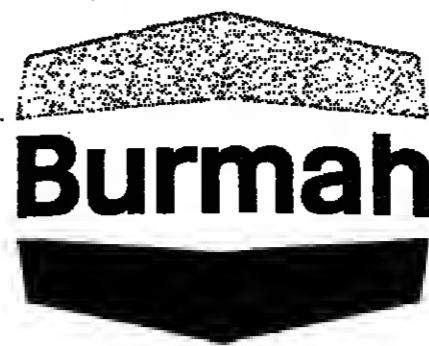
He says Saturn might provide the basis for GM's next "world" car but would be "four to 12 times more important" than the previous "world" vehicle, the J car, which is sold in Europe as the Opel Ascona/Vauxhall Cavalier, because of the new production methods that would be used.

Meanwhile, the first shipment of 900 Suzuki cars for GM's American network left Japan this week. Suzuki has already



Mr Roger Smith, chairman of General Motors

Roger Taylor



## 1983 RESULTS AND FINAL DIVIDEND

“After tax profits and earnings per share were substantially ahead of 1982, as income from the declining Thistle oilfield was largely replaced by increased earnings from other less highly taxed trading activities.

I am confident that the actions taken in 1983 will benefit the current year and that the costs we have had to absorb will prove to be an essential investment in future profitability.”

J. N. Maltby, Chairman

	1983 £ million	1982 £ million
Turnover	1,578.9	1,536.8
Operating profit		
Exploration & Production	33.5	48.5
Other activities	60.6	51.7
Profit before taxation	79.1	81.0
Profit after taxation	37.5	29.5
Extraordinary items	(22.2)	(18.5)
Attributable to stockholders	14.3	8.9
Earnings per ordinary stock unit	24.65p	18.33p
Net tangible assets per ordinary stock unit	223p	226p

The directors are recommending a net final dividend of 6.25p per £1 unit of ordinary stock. Together with the interim dividend paid last December, this will increase the total distribution in respect of 1983 with related tax credit to 13.9288p per £1 unit of ordinary stock. The lower final dividend is in line with the policy announced last year to adjust the balance between the interim and final dividend payments. The final dividend, if approved, will be paid on 3 July 1984 to stockholders on the register on 18 May 1984.

Burmah

To: The Secretary, The Burmah Oil Public Limited Company,  
Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE.  
Please send me a copy of the Annual Report and Accounts 1983.

Name \_\_\_\_\_  
Address \_\_\_\_\_

The Burmah Oil Public Limited Company

The figures for the years to 31 December 1982 and 1983 respectively are each abridged from the Group's full accounts for the relevant period. While both sets of accounts are the subject of unqualified auditors' reports, only those for the earlier year have to data been filed with the Registrar of Companies.

The Annual Report and Accounts will be published on 9 May 1984. If you would like a copy, please fill in the coupon. The AGM will be held in Glasgow on 1 June 1984.

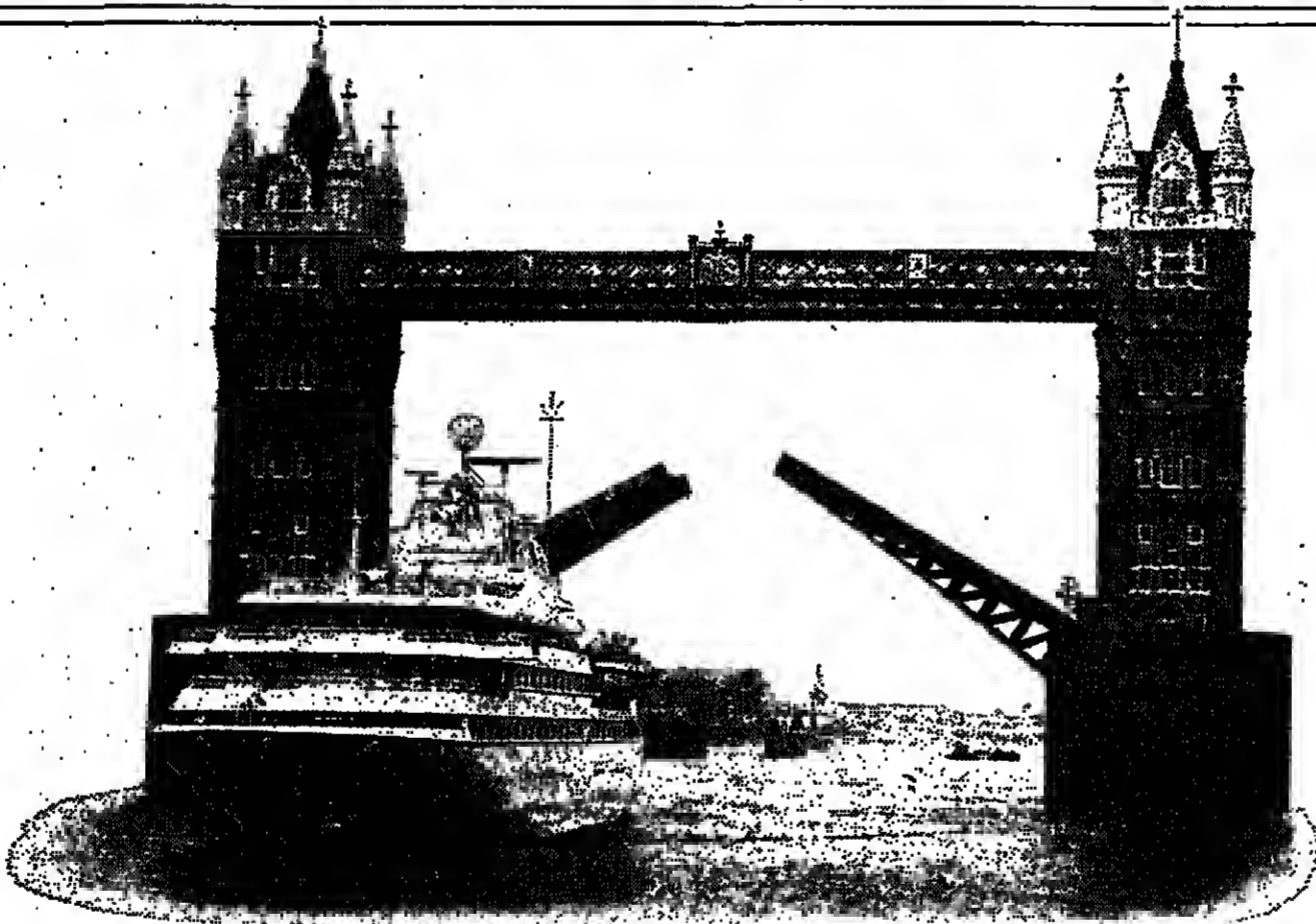
The Burmah Oil Public Limited Company,  
Burmah House, Pipers Way, Swindon SN3 1RE.

## ENTERING LONDON

Today, 150 years ago on 12th April, 1834, the Wärtsilä Group was founded in a small village in Finnish Karelia. Two weeks ago one of Wärtsilä's finest achievements, the Sea Goddess I, sailed into London on her way to the Mediterranean and Caribbean.

In October, Wärtsilä will deliver the biggest ever purpose-built luxury cruiser to the Peninsular & Oriental Steam Navigation Company. She will officially be named in November in Southampton. After that, she starts cruising with a capacity of 1,200 passengers on the West Coast of America.

This vessel also has a unique design. All cabins face out to sea and more than 100



have their own balconies. This kind of flexible design reflects Wärtsilä's position as the leading builder of luxury cruise liners in the world.

The Company is also one of the world's foremost manufacturers of arctic and ice-breaking tonnage, diesel engines, paper finishing machinery, sanitary and household porcelain, and locking systems.

## FINNISH FIRST

Wärtsilä is the first Finnish company to seek a listing on The Stock Exchange in London.

In the past five years, the Company's turnover has grown from FIM 1,903M to over FIM 5,419M. In 1983, sales increased by almost 40%. Profits before tax were

FIM 498M. And we have orders in hand to the value of FIM 7,527M.

The London listing is an obvious step for a growing international company with exports and overseas production accounting for 83% of its sales and with 13 of its 35 production plants outside Finland.

	1983 (FIM) Million	1982 (FIM) Million	% increase
NET SALES	5,419	3,863	40%
NET PROFIT	498	384	30%
EARNINGS PER SHARE	74	61	21%
DIVIDEND PER SHARE	6.00	5.40	11%

WÄRTSILÄ

150  
1834-1984

WÄRTSILÄ

Public Relations Dept, Oy Wärtsilä Ab., Pitkäsillanranta 1; 00530 Helsinki 53, Finland.  
Please send me further information on your Company together with your latest Annual Report.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_



## UK COMPANY NEWS

## Empire Stores back in the black

A SWING back into the black is reported by Empire Stores (Bradford), the mail order company, for the year to January 28 1984. There were pre-tax profits of £1.52m compared with losses of £1.13m. At the interim stage, the company reported losses of £566,000, which included £30,000 costs incurred in connection with the suggested merger with Grattan, and write-offs of a long-term loan to a former subsidiary.

The total dividend is raised from a nominal 0.1p to 1.25p—no interim was paid. The directors say that during the year the company began to reduce the high level of debt—but this cost is still substantially higher than that of its competitors.

Correction of this problem will transform its profitability over the next two years. An improvement in debtor turnover will also result from actions and this will release funds into the business and further reduce interest costs.

They say the most satisfactory feature of the company's performance has been the consistent improvement in sales and agency strength. This is continuing and the directors expect a significant improvement in profits in the current year.

Group turnover rose from £142.15m to £153.64m, with trading profit increasing from £12,000 to £21,000. Interest charges were down from £1.42m to £1.13m, leaving net profit of £23.1m (£22.99m) at the year-end.

## ● comment

Empire is making the most of the upswing in the mail order industry by building up the number and quality of its agents and bringing bad debts under control. Several elements come together in its strategy. Young bone owners as a specific target market have taken the place of the broader sales pitch of the past; there is more care in choosing creditworthy sales agents within this group; and direct mail shots are replacing less discriminating magazine advertising. Much of the credit for these changes belongs to outside consultants taken on in mid-1983, so the full benefits are still to be seen. For the current year £4m pre-tax looks possible, putting the share up 2p at 92p, at a prospective P/E of just under 11, assuming a 20 per cent tax charge. But this recovery at Empire, following good results from others in the industry, should not be read as a return to the rapid growth of the mid-1970s. It is the High Street stores which are enjoying the best of this consumer boom.

## Coats Patons 13% advance to £87m

A DOWNTURN of \$9m in South America to £26.5m, was more than offset by a 36 per cent advance from UK, Europe and North America, and pushed Coats Patons 13 per cent ahead overall in 1983 to £87m pre-tax, compared with £77.3m.

Profits at the midway stage were up from £26m to £33.8m and although directors said that second half results would be lower than the previous year's, in the event they were slightly higher at £33.2m, against £31.3m. They now say that with further evidence of benefits from reorganisation programmes and the group's main markets showing a recovery, they look forward in 1984 with confidence for continued improvement.

Turnover for the 12 months edged ahead by 4 per cent to £88.8m (£85.2m) and the dividend is stepped up by 13 per cent to 4.7p (4.2p) net with a final distribution of 3.2p. Earnings are given as 17.3p (14.6p). Mr Bill Coats, the chairman, said later that no further setback was expected from South America this year, with volume holding and possibly recovering a little. Elsewhere he forecast continued growth for the group's main operations.

He added that directors insist that they have no intention of pulling out of Latin America, but he made it clear that the group would be a seller if the right offer came along.

"The problem is that it is very difficult to find someone who would give us good honest dollars or sterling for the Latin American assets," he stated.

## HIGHLIGHTS

Lex looks at the move by Charterhouse J. Rothschild and Hambro Life towards the creation of the UK's largest diversified financial services group. The column then goes on to comment on the latest results from RYZ which has produced a surge in profits to £570m, reflecting a strong recovery in commodity prices and healthier cash flow. Finally Lex considers the figures from Coats Patons which has reported profits of £87m, helped by the first worthwhile margin improvement, both in the UK and Europe, for several years.

After depreciation of £18.4m, against £16.5m, trading profits amounted to £24.5m, compared with £35.5m, and the pre-tax figure was after interest payable, £14.6m (£15.8m) and included investment and other income £7.1m (£10.1m).

Tax charge took £32.5m, against £31m, and after minorities of £6.4m (£5.2m) and extraordinary costs, £15.6m (£14.9m) the attributable balance for the year amounted to £22.2m, a 56.6m advance on 1982.

A breakdown by region, of turnover, assets employed and pre-tax profits shows: UK (including exports) £304.9m (£281.2m) and £121.7m (£120.3m) and £26.6m (£18.4m); Europe £154.9m (£158m) and £71.7m (£75.5m) and £2.2m (£7.1m); North America £200.2m (£176.6m) and £154.5m (£118.5m) and £21.7m (£16.3m); South America £167.9m (£108.7m) and £37.6m (£17.9m) and £26.5m (£28.6m); Africa, Asia and Australia £152.2m (£134.7m) and £84m (£68.2m) and £16.3m (£20m). Restructuring and start-

ducts and industrial sewing products.

Of the extraordinary losses, they say that £11.4m would have arisen in 1983 if they had continued with previous practice. The directors say they are satisfied that with these figures—£15.6m (£14.9m)—the group is "at the end of the reorganisation programme which has produced extraordinary losses over the past several years."

There was a net exchange translation loss on reserves of £23m, due to the weakness of various currencies—principally South American—currencies alleviated to an extent by the gain on OECD currencies at £3.5m. The adoption in 1983 of SBA2 20 as applied to the valuation of fixed assets overseas, contributed a surplus of £22.5m to group reserves.

With these exchange figures and the transfer to reserves from the P and L account of £11.2m (£9.9m); home sewing products £121m (£120.5m) and £20.9m (£28.1m); precision engineering and diecasting £24.5m (£27.5m) and £11.4m (£10.1m); industrial sewing products £184.1m (£176.6m) and £13.8m (£17.9m); yarns and fabrics £73.6m (£68.6m) and £4.6m (£2.3m); leisure wear/underwear £94m (£89m) and £3.8m (£1.8m); restructuring and start-up costs £27.7m (£7.3m) and £3.6m loss (£7.7m); central research and management expenses £5.2m (£4.9m); inter-company sales £11.7m (£9.5m).

Mr Bill Coats said that the group is continuing to cast an eye over possible opportunities to build on its UK retail chain. At present it has 100 Jaeger shops and 120 Country Casuals outlets.

"We've got our eyes open, and if something comes along at the right price we could be interested," he stated.

## French Connection beats £2.8m forecast by 16.8%

BETTER THAN expected profits and an acquisition in the U.S. have been announced by French Connection Group, a USM stock engaged in the design and marketing of ladies and mens fashion clothing.

Against last October's prospects forecast of £2.6m, profits before tax for the year to end January 1984 emerged 16.8 per cent higher at £3.27m and compare with £303,000 for the 1983-83 year.

Margins improved with operating profits expanding from £248,000 to £339,000 on a £3,04m rise in turnover to £16.8m. Taxable profits of £2.6m, after interest payable, less receivable, of £118,000 (£145,000).

As forecast, a single final dividend payment of 2.8p net per 5p share is recommended. Earnings per share were 13.4p (4p).

The company has agreed to acquire 50 per cent of Best of All Clothing (BOC), which is registered in the State of U.S. Its sole business is the distribution under licence in the U.S. of French Connection ladies-wear.

The acquisition, the directors say, will enable the company to benefit more fully from the development of the French Connection label in the U.S. retail clothing market. And they expect

that the consolidation of profits of BC will have a beneficial effect on earnings per share.

The 50 per cent is being bought from Mr Michael Axelrod, and for the purchase, BC will become a French Connection subsidiary. The licensing agreement will remain and Mr Axelrod will continue to own the other 50 per cent, and will join the French Connection board.

The consideration for the purchase will be equal to one-and-a-half times the adjusted after-tax earnings of BC for the year to June 30 1984 estimated at £2m (£2.08m) and will be split equally in cash and new shares.

Michael Axelrod will be subject to agreement to hold the shares for a minimum period until French Connection's announcement of results for the year to January 31 1985.

French Connection's directors say that the company's ranges for the 1984 summer season are selling well and there has been a strong response to showings of its new designs for the 1984 winter ranges.

For the year to end £1.9m (£2,02,000), minorities absorbed £2,000 (nil) and extraordinary items this time, relating to the flotation and deferred tax changes, accounted for £642,000.

## Dares soars 71% to £1.3m and outlook encouraging

ON TURNOVER more than doubled at £5.82m, compared with £2.08m, Dares Estates pushed up its 1983 profits before tax to a record £1.31m, a 71 per cent improvement on the £766,175 returned the previous year.

Prospects for the current year were in the UK and the U.S. are "most encouraging"—the office block in San Diego is now 70 per cent let with further enquiries on hand.

Profits are running at least at the same level as in 1983 and present indications are that this will be maintained during the remainder of the year.

Shareholders benefit from the sharply higher results with an increased final dividend of 0.85p (0.75p) which raises their net total payment from 1.25p to 1.35p per 10p share.

Tax for the year accounted for £542,448, against a previous £576,068, to leave net profits 302 per cent ahead at £765,183 (£190,077).

Extraordinary items took £44,008. These represent the costs involved in relocation and centralisation of the group's UK activities in Ringwood, Hampshire.

Retained profits emerged at £261,388 (£190,500 loss) after taking account of same-again

transfers of £29,886 to sinking funds and dividend payments of £424,887 (£358,772).

Earnings per share came through at 2.65p, compared with 0.7p, pre-extraordinary items.

During 1983, Dares Estates, a property development and investment group, made two significant acquisitions.

In August, it purchased three properties in central London, Manchester and Watford for £1.35m and in November bought a £4.35m property portfolio from British Land, satisfied by cash, mortgage and shares.

Since year-end the group has acquired Rogan, a London-based property company, for £2.6m. The deal has given Dares further central London properties with a market value of £5.22m.

Property disposals totalling £5m were made during the year, mainly in the North and the West Midlands. At the time of the British Land deal, the directors forecast that rental income would rise to £2.6m over the next five years.

## Pearl Assurance expands to £16.8m

A SUBSTANTIAL increase in life profits, together with a containment of general insurance losses enable Pearl Assurance to report a near 25 per cent rise in net profits for 1983 from £13.53m to £16.70m.

The dividend for 1983 is lifted 30 per cent from 27.5p to 33p with a final payment of 21p.

The surplus from the life branch increased by 28 per cent from £11.14m to £14.24m, the surplus having taken into account in his valuation a higher proportion of unrealised capital gains on the assets, in order to reflect more closely the underlying strength of the fund.

The shareholders' portion of the surplus rose from £10.90m to £14.09m—almost 10 per cent of the appropriated surplus. Dividends from the linked life subsidiaries increased from £590,000 to £830,000.

The underwriting loss on the general branch rose from £7m to £8.06m, this deterioration coming from overseas and the reinsurance operations.

The company had slightly better results in the UK with underwriting losses dropping from £5.43m to £5.18m. This property account showed a one-third drop in losses to £2.2m, thanks to the better weather last year, but this account has been hit by rising theft claims.

The company's efforts to reverse a declining share of the motor market, by keeping premiums unchanged and through a marketing campaign, have started to bear fruit, although underwriting losses worsened as a result from £1m to £1.8m.

Losses on the marine account dropped from £1.06m to £200,000. Policyholders receive £17.04m of the surplus from the life funds against £38.41m in 1982.

Reversionary bonuses are increased slightly while terminal bonuses are doubled in the ordinary branch and lifted by nearly two-thirds in the industrial branch.

● comment

The actuary of Pearl Assurance has decided to unlock some more of the unrealised capital appreciation in the life funds and shareholders get the full benefit in their 1983 dividend payout. The actuary should maintain this higher dividend level. The best that can be said about the general insurance business is that the company is not letting the losses run away.

The reorganisation has yet to show up in the results and Pearl seems prepared to pile up motor losses in order to recapture lost business. Nevertheless a substantial improvement can be expected again this year. The share price improved 14p to 808p yielding 6 per cent.

## Second-half fall leaves Burmah Oil £2m lower at £79m

SECOND half pre-tax profits of Burmah Oil were down from £50.7m to £47.5m and left the full 1983 year's figure £1.8m lower at £79.1m. There was a £15m downturn in exploration and production to £33.5m, which was somewhat offset by a £10.3m swing back into profits from the investment division, while the group's other sectors had a mixed 12 months' trading.

Turnover, net of duties, moved ahead during the period from £1,546m to £1,580m and shareholders are getting an increased dividend of 9.75p (9p) per share despite a lower final—to reduce disparity—to 6.25p (7.5p).

The directors point out that although the pre-tax figure was lower, the surplus after tax and minorities was 33 per cent higher at £36.5m (£27.4m) and earnings per £1 share increased from 12.5p to 14.6p, a 34 per cent rise.

This group's overall tax charge—down from £11.5m to £6.15m—was reduced as income from the declining Thistle Field was replaced by less highly taxed earnings from other trading activities.

They said that results also benefited from the recovery of £3.5m for previous years' maintenance and repair costs on the LNG vessels.

Comparative with 1983 figures are affected by the different treatment of income from Pakistan Petroleum, following its change of status from subsidiary to a wholly owned company. Operating profits of the group amounted to £94.1m, against £100.2m, the exploration and production contribution of £38.5m (£42.5m). In this, included £7.6m last time from Pakistan. On the other hand, of £6.4m (£6.6m) from the year's investment income of £3.7m (£3.2m), £5.9m was from Pakistan.

After charging depreciation, depletion and amortisation of £46.6m, against £40.9m, a breakdown of pre-tax profits shows: exploration and production £33.5m (£45.5m); lubricants and fuels £40.2m (£40.1m); specialty chemicals £4.6m (£2m); shipping £2.9m (£10.7m); refining and distribution £4.7m (£2m); investment £1.3m (£2m); loss; investment income and unallocated central expenses £9.4m (£11.5m).

Net borrowings amounted to £230m, against £202m, and net costs and earnings was 4.2 per cent (£3.3 per cent).

On a current cost basis the pre-tax figure is reduced to £68.8m (£61.6m).

● comment

Burmah's shares closed down 5p at 196p and the market's immediate disappointment is understandable. Operating losses in the tanker fleet should be significantly lower in 1984, but Burmah's Bahamas terminal is now awash with red ink. Thistle Field production at 105,000 b/d is lower than expected. Quinlan Hazell's losses in South Africa are not going to improve its saleability and even Castro's overseas progress has been hampered by the tanker fleet and fuels division to do more than match setbacks in the UK market. Against an estimated net asset value of around £30p, Burmah's shares have risen over the last year to a level where the air looks too thin for bid rumours to survive very long; but these results look unlikely to inspire much loyalty should the price fall back.

## OIS shows little change

PRE-TAX profits of the Oilfield Inspection Services Group were little changed for 1983 and growth in the current year is likely to be again, he indicated.

## COATS PATONS PLC

## 1983 RESULTS AND FINAL DIVIDEND

Profit before taxation increases by 13% despite the down-turn in South America.

U.K., Europe and North America advance by 36% and now represent over half of Group profit.

All foreseeable reorganisation costs are now fully provided and Group reserves increase by £27m leaving gearing unchanged.

Final dividend increases by 14% giving 12% increase for year.

	HIGHLIGHTS	
	1983 £ millions	1982 £ millions
Turnover	888.0	856.2
Trading Profit	94.5	85.5
Pre-tax Profit	87.0	77.3
Capital Expenditure (incl. Leasing): U.K.	17.3	12.2
Total	48.2	40.6
Net cash flow	(8.8)	4.7
Gearing	26%	26%
Earnings per share	17.3p	14.6p
C.C. Earnings per share	7.0p	5.6p

The figures for the year to 31st December 1983 are abridged from the Group's full accounts which will be filed with the Registrar of Companies after the Annual General Meeting. The historical cost accounts have received an unqualified auditors' report.

The directors recommend an increased final dividend of 3.2p per share (1982: 2.8p) which together with the interim dividend of 1.5p (1982: 1.4p) amounts to 4.7p per share (1982: 4.2p). This dividend will be payable on 2nd July to shareholders on the register on 11th May 1984.

"With further evidence of benefits from our reorganisation programmes and our main markets showing a recovery, we look forward in 1984 with confidence for continued improvement in our business."

W. D. Coats, Chairman

The Annual Report will be posted to shareholders on 2nd May, 1984. Further copies will be available from The Secretary, Coats Patons PLC, 155 St. Vincent Street, Glasgow G2 5PA.

## "Britain's most successful national building society"



Mr. Ralph C. Stow, CBE, President and Chairman, Cheltenham & Gloucester Building Society.

"The Society's impressive performance in 1983 demonstrates the soundness of its operating policies. As the most cost efficient national building society, C&G will continue to offer a very real advantage to investing members through the market-leading Cheltenham Gold Account."

The 133rd Annual General Meeting of the Cheltenham & Gloucester Building Society was held in the Society's Chief Office on Wednesday 11 April 1984. In his report on 1983's results, the President and Chairman, Mr Ralph C. Stow, CBE, drew attention to the following:

**Increased Financial Strength**  
A record surplus of £28.8 million in 1983 increased C&G's reserves by 56% to £79 million. This was the highest percentage increase of any national society. Assets up to £204 million.

At the end of 1983, total assets had increased by 42%. The Society now has a network of over 450 branches and agencies.

**Most Cost-Efficient National Building Society**  
Effective management reduced operating costs (including depreciation) per £100 total assets from 85p in 1982 to just 67p at the end of 1983.

**Substantial Help for Homebuyers**  
In 1983 C&G made over 40,000 loans totalling £596 million, 41% more than in 1982. 63% of loans were made to first time buyers, 16% were for the purchase of new houses. £27 million was lent to existing borrowing members for home improvements.

**Investments**  
Receipts from investors totalled £1499 million. Withdrawals totalled £922 million, giving net receipts of £577 million.

Over 149,000 new investment accounts were opened in 1983, bringing the total number of investors to over 602,000.

The Cheltenham Gold Account and Cheltenham Gold Monthly Interest Account provide a combination of high interest and withdrawals without notice or penalties unmatched by any other major national building society.



**C&G Cheltenham & Gloucester Building Society**

Chief Office: Cheltenham House, Clarence Street, Cheltenham, Glos. GL50 3AR. Tel. 0242 36161. Member of the Building Societies Association and Investors' Protection Scheme. Authorised for investment by Trustees.

## UK COMPANY NEWS

## Smiths Industries soars to £14.6m and hoists interim

INTERIM pre-tax profits of Smiths Industries are shown to have risen by 83 per cent to a record £14.6m on a turnover of £178m.

Comparative figures, adjusted to exclude the UK automotive and other businesses sold or discontinued, were £10.9m and £156m respectively.

With the changed structure of the group, the weighting of the results to the second six months is likely to be less marked than in previous years. Current profits are continuing ahead of those of 1983 and figures for the second half are expected to show a "useful improvement" over those for the same period of last year, the directors state.

Meanwhile, the net interim dividend covering the six months to January 28 is being lifted from 4p to 4.75p per 50p share—a final of 7.5p was paid previously from full year profits of £26.34m.

An analysis of turnover and pre-tax profits for the second half shows: aerospace £31.7m (£44.4m) and £5.8m (£17.7m), distribution £23.3m (£26.3m) and £44.0m (£48.3m), industrial £33.4m (£38.0m) and £2.5m (£1.37m), marine £13.6m (£11.5m) and £91.4m (£101.0m), medical £23.3m (£13.9m) and £4.9m (£4.3m), and Australia/South Africa £28m (£26.3m) and £1.2m (£42.0m).

In the opening half of the previous year businesses since sold or discontinued contributed turnover of £27.35m but incurred losses of £1.37m.

An analysis of turnover and pre-tax profits (£16.12m, against £15.03m) by division shows: UK £106.25m (£124.1m) and £9.83m (£8.52m), and overseas £72.85m (£51.46m) and £4.28m (£3.52m). Internal sales accounted for £2.7m (£2.25m).

Pre-tax profits benefited from a £1m reduction in interest charges to £1.43m.

All the main medical companies continued to contribute to the sustained profits growth. The South African company eliminated the trading loss of the previous year and the Australian company recovered strongly following the actions taken in the

latter part of 1983/84. Tax for the half year took £3.39m (£3.34m) and minorities £104,000 (£98,000).

Retained profits emerged at £5.74m (£4.6m) after taking account of interim dividend payments of £2.49m (£2.09m).

The offer for Downs Surgical, announced in February, became unconditional last month and acceptance is held in respect of 97 per cent of the capital of which elections have been made for the loan note alternative to the value of £597,702.

The remaining shares are in the course of being acquired. The total consideration will amount to £7m—Downs' borrowings at the date of acquisition were £4.5m.

• **comment**

From the look of its first-half results, Smiths has at last launched itself as a profit plateau it has been firmly stuck on for the past five years. To do this, management has been developing proven winners and disposing of the losers, particularly in the automotive sector, leaving a market profile heavily biased towards aerospace and medical interests.

The remaining shares are in the course of being acquired. The total consideration will amount to £7m—Downs' borrowings at the date of acquisition were £4.5m.

The group's high-margin medical businesses are already making strong gains with Downs' new acquisition, expected to start making a positive contribution next year.

Elsewhere, there is recovery in Australia while the rationalisation in South Africa seems to have stemmed losses. Over in the U.S., Integrated Air Systems has boosted the industrial division's results with its record order books.

Smiths shows some signs of revival. At long last, embarking upon a fairly steep growth path, starting with at least £26m pre-tax this year. At this level, a 43 per cent tax charge puts the 53p shares, up 16p, on a prospective p/e of over 15. Not cheap, but the quality of earnings deserves a premium rating.

The group's parcel companies suffered from rate cutting throughout last year. Nevertheless, the directors are confident that in all the circumstances, the group will continue to give a good account of itself.

## United Parcels £1m ahead at £7.8m

AN IMPROVEMENT in pre-tax profits of just over £1m to £7.7m was achieved by United Parcels for the year to January 28 and the group is lifting its dividend from an adjusted 2.55p to 2.8p on the enlarged share capital by a final of 2p.

Second half profits rose from last time's £3.7m to £3.9m.

Although the volume of goods passing through group services increased in all sections rates were extremely keen in the face of continuing fierce competition. Turnover for the year expanded from £53.6m to £60.72m—the group, formerly United Carriers, specialises in express parcel services.

Tax took £3.2m (£2.06m) to leave net profits marginally lower at £4.57m, compared with £4.65m, equal to earnings of 7.9p (£8.6p) actual per 10p share. Excluding a deferred tax provision of £1.12m, which was balanced by a transfer from reserves, earnings totalled 10p.

Throughout the year, the parcels companies maintained steady progress—United Carriers and Sovereign Distribution both increased traffic volume. Sovereign has opened the depot in Southampton.

The group's parcel companies suffered from rate cutting throughout last year. Nevertheless, the directors are confident that in all the circumstances, the group will continue to give a good account of itself.

## Hestair lifts profits 22% to £2.6m

ON INCREASE in profit for the fifth consecutive year together with a higher dividend have been announced by Hestair, a vehicles, consumer products, office and electrical services and farm equipment concern.

Taxable profits for the 12 months to end-January 31 1984 moved ahead by 22 per cent from £2.16m to £2.63m, and the dividend is raised to 3.575p, against 3.25p, with a higher final payment of 2.075p.

Once again, consumer products led the advance with record profits achieved at both Hestair Hope and Hestair Kiddicraft. Employment bureaux also performed strongly with profits, including an interest credit, topping the £1m mark.

Elsewhere, engineering had a mixed year highlighted by the

achievement of record profits at Hestair Eagle arising from products development.

Group turnover climbed by £20m to £53m. Tax took £540,000 (£311,000), leaving net profits at £2.09m (£1.85m), equal to earnings per 25p share of 8.7p (10.1p). After extraordinary debits of £109,000 (£56,000) and dividends of £378,000 (£593,000) the retained surplus was lower at £1.11m (£1.18m).

The group made four acquisitions during the year, the largest being Duple International. Of the four companies retained following the Duple purchase, three are now running profitably again. However, the coachbuilding subsidiary requires extensive reorganisation and it will be some time yet before it pulls its profit weight.

Though engineering remains a generally difficult sector, Mr David Hargreaves, the chairman, says "the buoyancy of our service and consumer businesses leads me to believe that 1984 as a whole will see further profit growth."

• **comment**

The purchase of Duple half way through the year boosted Hestair's turnover and diluted earnings, but had little effect on the profit and loss account. Of Duple's six divisions, four still survive in Hestair. Three are profitable, but the coachbuilding losses cancel those profits out. Costs have now been cut and by the middle of this year Duple should be breaking even. Meanwhile Hestair Eagle, the dustcart side, had another

record year. It is now taking more than 50 per cent of the declining home market while exports are going great guns. The other engineering activities are still struggling, though the farm machinery company looks like making a profit this year. Consumer services—tolls, educational supplies and employment agencies—contributed more than £2m to the pre-tax figure. The purchase of the Atlas and Rand job agencies should help this year, and Hestair is about to sell one of the three surplus office buildings for £170,000. Group profits should top the £3.5m mark in 1984-85 giving a prospective p/e of 6 with the shares down 3p at 70p. Another 10 per cent on the dividend would give an 8 per cent plus yield. Not a demanding rating.

## Development programme impetus aids Wm. Low

WITH THE impetus from last year's development programme, first half turnover of Wm Low supermarket and freezer centres increased by nearly 16 per cent to £79.66m and the continuing progress of its newer larger stores contributed to a substantial increase in operating profits to £2.68m, against £1.7m.

And despite more than doubled interest charges of £350,000 (£127,000) and a £314,000 asset sale gain last time, profits at the taxable level rose from £1.89m to £2.33m.

The dividend for the period to end-March 17 1984 is raised by 0.4p to 2.5p, and follows last year's increased final of 6.1p when taxable profits were £3.94m.

Mr J. P. Riddle, chairman, says: "This has been an excellent performance for the half year. The outlook for the remainder of the year is encouraging and we expect to achieve satisfactory results for the year as a whole."

"On development, Forfar, replacing an older store, opened successfully in November 1983; Lanark, again replacing too small a branch, opened immediately after the half year, and is off to a good start."

Tax for the period took £1.12m (£983,000) and dividends take £268,000 (£231,000), leaving the balance at £943,000 (£677,000).

## Brixton Estates advances past £8m mark

A £12.2m increase to £8.3m in pre-tax profits for 1983 was achieved by Brixton Estates, a London-based property developer and investor.

Most of the increase stemmed from investment profits which rose from £7.06m to £7.53m. Dealing profits totalled £475,000 against £15,000.

Net rental income was higher at £14.58m compared with £13.57m.

The final dividend is raised from 2.3p to 2.7p and raises the total to 4.6p (4p). Earnings per 25p share were 6.88p (5.87p) after tax of £2.1m (£2.2m). Profits at the interim stage

were ahead at £3.73m (£3.3m). Virtually all of the company's property investment portfolio is fully let and significant progress is being made in letting the new space arising from developments.

The purchase of a 116,000 sq ft (gross) office building occupying the greater part of the west side of Finsbury Square, London, for total refurbishment, is the first of these.

A valuation by chartered surveyors of the group's completed and let properties, both in the UK and overseas, at December 31 shows a surplus over book value of £3.43m. Properties held for, or in the course of, development have

been valued by one of the directors and in his opinion their value in aggregate exceeds their book value.

At the year end, investment properties totalled £215m.

• **comment**

Mr Harry Axton chairman of Brixton Estates described as "short of miraculous" the uptake in inquiries and lettings since September last year, and particularly since February. In general, 1983 was a difficult year, but signs of improvement are sufficient to encourage the company to build up its development programme after a lull in 1982-83. News is expected any

day of the acquisition of a local authority site. Most of Brixton Estates' industrial properties lie on the western side of London which should see a marked boost to rents in mid-1986 when that stretch of the M25 is scheduled for completion. The Finsbury Square development with 116,000 sq ft gross expected to command around £19 a sq ft has inspired early interest. A possible occupier, for two-thirds of the property (thought to be a bank) is in discussions with Brixton. Analysts have pencilled in around £3.5m pre-tax for 1984 before dealing property profits. The shares up 1p to 124p give a yield of 5.4 per cent.

## Second half fall leaves Haden £2.6m down at £6m

A FALL of £2.56m in second half pre-tax profits has left Haden, building services and metal finishing engineering, £6m down for the year ended December 31 1983, compared with £8.52m previously. Turnover was down from £252.55m to £249.9m.

The directors say that the group continues to enjoy a leading position in its markets, both in the UK and overseas, and there are signs in some areas of greater activity than in 1983, although it is too early to be sure that this will be sustained.

Operating profits amounted to £4.89m, compared with £5.76m, after administration expenses of £48.66m (£54.54m) and the pre-tax figure included associate's share of £118,000 (£4,000) and interest and investment income, £1m (£1.85m).

Tax charge was £2.27m (£3.6m), minorities credit added £37,000 (£21,000 debit) and there was an extraordinary debit for the period of £2.38m, being costs of closure and business restructuring.

Earnings per 25p share were down from £2.2p to £1.4p but the dividend, is maintained at 8.625p net with a same-again final payment of 6.375p.

The directors say the principal factor affecting results was the pressure on turnover and trading margins in the light of increasing worldwide competition. This was combined with the unsatisfactory performance of the U.S. mechanical handling company which, at the year end, suffered a substantial and unexpected loss on one particular contract.

## Expamet jumps to £2.78m

FURTHER progress over the second six months enabled Expamet (International) to lift its full-year pre-tax profits from £1.96m to £2.78m. Turnover for the 12 months, to end-December 1983 totalled £33.37m, compared with £27.58m.

The directors say the figures more than maintain the rate of progress achieved during the previous two years and represent a significant step towards the goal of producing consistent "quality profits."

The group achieved a 16.3 per cent return on capital employed, compared with 11.6 per cent previously, but it is pointed out that this is still well short of the future target.

Earnings for 1983 rose from 5.35p to 7.64p per 25p share and an increased final dividend of 2.75p (2.5p) raises the net total by 0.25p to 4.75p.

With increased exposure to healthier building and construction markets and with all companies trading profitably the directors are concentrating on new market opportunities and related additions to the group.

## OPPORTUNITIES IN U.K. STOCK INDEX FUTURES

The London International Financial Futures Exchange (L.I.F.F.E.) is introducing the first stock index futures contract in the U.K. following the success of similar contracts in the United States. On Thursday 3rd May the F.T.S.E. 100 contract is to commence trading, offering an instrument for institutions to protect equity portfolios against adverse share price movements. Conversely, speculators have the opportunity to take a view on the U.K. stock market as a whole without the need to identify the potential of individual shares.

Stock index futures contracts are one of the largest growth areas in the United States with the Standard & Poor 500 the firm highest traded contract in volume terms in 1983. Contd has been involved in this and all other stock index contracts since their inception, having gained great experience in this field.

ContiCommodity Services is a founder member of L.I.F.F.E. and one of the leading futures brokerage houses in the world with thirty-seven offices and representation on every major commodity exchange.

As we are involved solely in the futures markets we are of the firm belief that our expertise is second to none. Regardless of the exchange or the commodity concerned we are very much the specialists.

To find out exactly how the F.T.S.E. 100 futures contract works contact us for a full usage proposal stating whether the interest is of a hedging or speculative nature.

**ContiCommodity**

David Courtney, ContiCommodity Services Ltd.,  
World Trade Centre, London E1 9AA  
Telephone 01-488 3232 Telex 867438

ROTHSCHILD ASSET MANAGEMENT (CI)

St Julian's Court, St Peter Port, Guernsey 0481 26741

O.C. INTERNATIONAL RESERVES LIMITED

	AS	15.036	+ .011	Yield
Australian Dollars	DKR	150.309	+ .096	8.39
Danish Kroner	HK\$	100.167	+ .05	7.72
Hong Kong Dollars				6.02

Daily Dealings

# "Another new business record for Scottish Widows"

Sir Michael Herries, reporting as Chairman of Scottish Widows' Fund and Life Assurance Society.

The Society as a major pensions office with excellent results from our Managed Fund and all types of insured contracts—final salary schemes, money purchase schemes, individual pension arrangements and self-employed contracts—is well placed should there be any change in emphasis in the provision of pensions following the present public debates and Government inquiries. However we feel that the superficial attractions of a general reversion to a money purchase concept would surely pall in time in the face of inadequate benefits. It will be much more desirable to build on and improve the final salary structure rather than abandon it.

On the question of commission the Society stands firmly by the principle of

control of the maximum level of commission payments and other benefits, preferably by voluntary industry-wide agreement. Any responsible leading office should recognise that a wide-ranging agreement cannot be in every respect in accordance with its own wishes, and accordingly should support the ROLAC initiative, as the Society certainly does.

The Society also supports licensing of those who sell life and pensions business as a development designed to raise standards and enhance the reputation of our industry.

The Society deplores the proposal to end Life Assurance Premium Relief. For many decades LAPR has been considered desirable to encourage individuals to provide themselves with life assurance cover and to make provision through the medium of life assurance for the future wellbeing of themselves and their families. The withdrawal of LAPR seems totally at variance with this philosophy.

1983 was an exceptional year. However, for the future, the Society has a good range of modern and attractive contracts, an outstanding track record and a keen and efficient staff and while the removal of LAPR may change the emphasis on the types of business transacted we are confident of our ability to adapt to new circumstances.

**SCOTTISH WIDOWS**  
PLAN WITH OUR ASSURANCE

MEMBER OF THE ASSOCIATED SCOTTISH LIFE OFFICES

If you would like a copy of the 1983 Report and Accounts, please write to Scottish Widows' Fund and Life Assurance Society, FREEPOST, Edinburgh EH16 0NE or ask your Inspector or your local branch of the Society.

## UK COMPANY NEWS

# LCA Holdings up 41% to £0.58m

FOR THE fifth year running London and Continental Advertising Holdings, the group engaged in the £20m acquisition of Reed International subsidiary London & Provincial Poster Group, has reported record profits and a raised dividend.

Pre-tax profits at this poster and specialised advertising company for 1983 were 41 per cent up at £573,763 (£410,356) on turnover 53 per cent higher at £3.42m (£2.23m). Tax took £298,000 (£210,000).

After a £47,117 (£31,412) provision for an increased dividend of 0.2p (0.2p) the retained profit emerges at £551,130 (£318,956). Earnings per share are shown climbing 40 per cent to 1.78p (1.27p).

Trading in the company's shares was suspended at 42p last month on the Unlisted Securities Market at LCA Holdings' request, after it agreed to acquire London & Provincial

Poster.

The proposed acquisition is conditional on shareholder approval and the Office of Fair Trading confirming it will not refer the deal to the Monopolies Commission.

It is intended that the acquisition will be financed partly by a loan but the majority of the consideration will be by a share issue via an offer for sale to the public.

The deal is expected to be completed by mid-June after which time dealings in the company's stock will be restored.

Mr John Giffar, chairman, says all the group's trading operations performed well.

In the second half of the year the first revenue came in from its joint venture with London Transport. The full benefits from this will not be felt until next year but meanwhile the investment programme for redeveloping L.T. sites continues.

## Modest increase at Newarthill

PROFITS BEFORE tax of Newarthill, including associate companies and before extraordinary items, rose from £17.94m to £18.12m in the year to October 31 1983.

Newarthill is a building company with interests in construction (Sir Robert McAlpine), property and investment, and aircraft chartering and has close

company status. The dividend is being lifted by 1p to 10p net, with earnings at 68.9p (64.9p). On a CCA basis, trading profits were £7.85m (£5.93m) on turnover of £248.99m (£271.66m). After interest payable of £2.07m (£1.84m), pre-tax profits were £15.03m (£14.87m) — associate profits were £1.75m (£460,000), property income totalled £1.63m

## Confident outlook by retiring TI chief

RETIRING CHAIRMAN of TI Group, Sir Brian Kellott, says: "I have the satisfaction of handing on to my successor when profits are on a strong upward trend."

Modest as the £16.3m (£17m) pre-tax profit was last year, he says it was sufficient to provide a small overall positive cash flow and to turn the trend of borrowing ratio downwards.

Also, he says that the improvement in profit is accelerating and the group has a mix of businesses which should serve it well in the near future, and which includes some promising growth points for further ahead, particularly among the specialised engineering businesses.

He says that not all the group's actions in recent times have had to be cutting back or negative. The tight operational management of the group's businesses has released the cash resources to enable it to expand the stronger businesses and to support those with good prospects.

A breakdown of cash flow in the annual report shows that £21m (£28m) was generated from operations. Operating cash flow after reinvestment came to £16m (£27m), and the net cash flow was £12m (negative £2m). There was a borrowings movement of £5 (3m).

Sir Brian will be succeeded by Mr Udgear.

## Prestige directors urge acceptance

THE board of Prestige, the British housewares group, yesterday outlined why shareholders should accept the £49.1m offer for the company from Gallaher, the tobacco, engineering and office supplies subsidiary of American Brands.

Mr Paul van Zuydam, Prestige's chairman, tells investors in the Gallaher offer document that its 267p per share cash offer for Prestige represented a "fair premium" over the company's market price.

Prestige's shares stood at 186p last October, on the day before its U.S. parent, American Home Products, announced that it was putting all of its housewares activities up for sale because they did not meet its standards for growth in the long term. The Gallaher offer stands at a premium of 44.3 per cent above that price.

Mr van Zuydam added that significant growth at Prestige depended on the introduction of a new range of electrical appliances and other products, which involved "substantial launch costs and risk". The group was also subject to increasing foreign competition from low cost labour sources, and it was feared that its former AHP housewares associates could bring significant additional competition.

Gallaher's offer has been accepted in respect of 73 per cent of Prestige's shares, representing AHP's 72.6 per cent stake and the directors' 0.4 per cent holding. The deadline for acceptances is May 2.

## Eric Short looks at a proposed £1bn merger plan

# The changing face of capitalism

THE NAME of the game in the finance sector these days is the provision of integrated international financial services — an area which in the UK has had little more than lip service paid to it.

Yesterday Charterhouse J. Rothschild (CJR) and Allied Hambro Financial Management (the trading name of Hambro Life and its subsidiaries) changed that with the announcement of a £1bn merger to form a group that can compete with the major American and Japanese financial groups.

The two colourful personalities, Jacob Rothschild, the chairman of CJR, and Mark Weinberg, chief executive of Allied Hambro, have been discussing the merger for just two months and yesterday they set the ball rolling. CJR is acquiring the 30,000,000 shares held by Hambro Life in Hambro Life (24.8 per cent of the equity) for £60.4m in cash and 55m shares in CJR. The merger is intended to produce a similar in name to that of Charterhouse and RIT and Northern, finalised last December.

Advantages listed for the new group, with the unwieldy name of Allied Rothschild Charterhouse, are:

- Large-scale financial resources to compete in the wholesale and retail money markets in the UK, U.S. and internationally.
- A wide range of financial services.
- An efficient distribution network.
- Experienced and creative management.

Weinberg being executive chairman. Hambro Life has been in existence for a mere 14 years, but in that time Mark Weinberg has built it into a £2.86bn operation in terms of assets — a figure that some companies have not yet reached in over a century of trading.

Hambro Life reported a near 340 per cent increase in actuarial surplus for 1983 from £19.5m to £27.1m, with the underlying increase allowing for capital changes during the period of 18 per cent. The dividend for 1983 is being increased by 10 per cent to 15.5p, costing £18.5m (allowing for waivers).

The success of Hambro Life in marketing unlinked life and pension contracts is based on a large, well-trained direct sales force, efficient administration systems and high calibre management.

It is the managerial set-up that has impressed Jacob Rothschild and the Hambro Life systems will be the prototype for managing the new group with Hambro Life management providing the core of the new management.

Mark Weinberg is convinced that integrated financial services must become a major force in retail and wholesale financial services and it is only a matter of time before the clearing banks put their acts together and offer such services. He wants to be first in this bid and well established before this happens. He made a start by launching the Financial Management Programme last autumn.

Hence he is attracted to the CJR operations, where the investment, merchant banking and many other activities in financial services will integrate with Allied's operations.

The next few months will show whether this ideal can be turned into a practical proposition. Meanwhile both sides have some

loose ends to tie up. CJR in the course of its expansion acquired a life company and unit trust operation under Target Holdings. These are small besides the life and unit trust subsidiary Allied Hambro. CJR stated policy was eventually to float off Target as an independent group. This will now be done as soon as practical.

Hambro Life acquired the banking group Dunbar in 1982, the third arm in the Financial Management Programme. But Hambro Life and Dunbar have reduced Hambro's holding in the resulting marriage to about 12 per cent, which was too small to have any say in its affairs. So in only a matter of days, Hambro decided to sell.

Having got a stake in a London stockbroker and decided against marrying up with a jobber (all the big ones have gone in any case), Hambro next must find a new management.

# Brixton Estate

International investors in commercial property

## ANNUAL RESULTS 1983

	1983 £'000	1982 £'000
Net Rental Income	14,849	13,566
Pre-tax Profit	8,302	7,076
Value of Investment Properties	214,873	206,760
Earnings per Share	6.98p	5.97p

- 17% increase in pre-tax and net profits.
- Final dividend of 2.70p per Ordinary Share proposed, making a total dividend for the year of 4.60p per share — an increase of 15%.
- Net asset value — £132 million.
- Funds available to finance all current commitments.

The above figures constitute an abridged version of the year's results. The full accounts which will be posted to shareholders on 23rd May 1984 have not yet been reported on by the Auditors. They will be filed with the Registrar of Companies following the Annual General Meeting in be held on 26th June 1984.

**Brixton Estate**

## BIDS AND DEALS IN BRIEF

Grindlays Bank is to set up a new bank in Bahrain in which it will hold a 40 per cent interest with local families, companies and quasi-government institutions. The authorised capital will be £25m with initial paid-up capital of £5.6m.

The bank, to be called Grindlays Bahrain, will take over Grindlays' existing branch business, and will enter into a five-year technical services agreement with Grindlays.

Being majority local owned, the bank will be able to bid for types of government business such as putting up performance bonds on government contracts, from which foreigners are excluded. Mr Roger Parsons, managing director of Grindlays, said the large authorised capital gave "room for further expansion in the near future."

Sater is strengthening its position in the best-exchange market by acquiring Custom Coils of Eastleigh, Hampshire, for £575,000 cash.

In its last completed financial year, Custom Coils' turnover was £3.2m for the year ended March 31 1983.

A one-year lease has been taken of CC premises at Eastleigh to enable manufacturing to continue on that site and Sater's total commitment to its working capital, will exceed £1m.

Acceptances of the offers by Palmer & Harvey for P. Paate have been received in respect of 2.89m shares or 80.79 per cent. With its 0.2 per cent already owned Palmer now has 80.81 per cent.

Offers will remain open until 3.00 pm April 18.

The recommended increased offer by Emmes Lighting to acquire Michael Black has been extended to April 19. So far acceptances have been received from holders of nearly 3.2m

shares (77.85 per cent); since the offer date Emmes has bought 104,000 (2.53 per cent).

The price paid by Wagon Industrial Holdings for the outstanding 25 per cent of Amasec was £1,500, and not £1,53m as reported yesterday.

F. J. C. Lilley has made an offer for Grampian Co., manufacturer of crushed granite and road surfacing material, operating from quarries in the south-west of Scotland.

Consideration is £1.1m, to be satisfied wholly in cash of £10 for each SGC ordinary. Alternatively, SGC shareholders may elect to receive all or part of the consideration in the form of new Lilley shares at the rate of 100 new Lilley shares for each 100 SGC ordinary. The new Lilley shares will not rank for the final dividend to be paid on 31st January 1984.

Offer is conditional on acceptances being received by representatives of at least 90 per cent of SGC's ordinary shares. Lilley intends to acquire the balance for cash. The directors of SGC are proposing to accept in respect of their individual holdings in SGC (22.1 per cent) and Lilley unanimously recommended their shareholders to accept.

Amadeus, the Bermuda-based company based on Mr G. Graham Ferguson-Lacey, has increased its holding in John Finlan to 600,000 shares (20 per cent of issued share capital).

Carless, Capel and Leonard has acquired East Anglian, petrol retailer and distributor, for £1.2m. An initial £1.13m was satisfied on completion by the issue of 523,442 Carless, Capel and Leonard shares, fully paid, pending valuation of Bullock's assets.

Institutional investors and directors of Moben Group have been the main buyers of Mr J. A. Benham's total holding of 2.5m shares in the company. Neither Mr Benham nor his family now holds any Moben shares.

Mr Derry and J. Crossley, Moben's joint managing directors, have acquired 375,000 and 450,000 shares respectively, and each now holds 1m shares in the company.

Yelverton Investments and its associates have agreed to purchase a total of 1,370,000 ordinary shares (27 per cent) in Southern Stadium from Mr P. R. Cammidge and the trustees of Mr R. Deutsch.

In addition, Yelverton has arranged for Northcote and S. P. Angel, members of the Stock Exchange, to place with private clients a further 800,000 ordinary (15.8 per cent) from Mr Cammidge's holding. He will be retaining 125,000 shares (2.5 per cent).

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final, and the subdivisions shown below are based mainly on last year's statements.

Interim: Marconi International, Pavers-Stroves, First A.P.V., Anglo American Investment Trust, Aquascutum, Bedford, Campari International, Cookson, De Vere Hotels and Restaurants, GKN, Girdlestone, Hawdon-Suist Plant, Lee, Redington, M. V. Bart, Morgan Gynell, Pirelli, RSC, RSC Properties, Portis, Austin Reed, Rubenid, William Sindell, United Ceramic Distributors.

## FUTURE DATES

Interim: Brit. Empire Secs. Gen. Trust Apr 18, Warran Investment Trust May 3, Tote, Anchor Chemical Apr 24, Arrow Chemicals Apr 13, British Home Stores May 8, Brook Street Bureau Apr 18, Elber Industrial Apr 16, Polymark International Apr 16, Svalenlight May 1, Smallshaw (R.) (Korwey) May 1, Selection Society Apr 18, Speer and Jackson Internat. Apr 25, Spence & Co. Apr 17, UBM Apr 25, Websters Apr 17, T. Amended.

## IMPORTANT NOTICE FOR DEBENTUREHOLDERS

### K. mart (Australia) Properties Finance Limited

(Incorporated in Bermuda)

74% Trust Debentures due December 15, 1984 (the "Debentures") (subject to extension to September 15, 2002)

Orion Royal Bank Limited ("Orion") of 1, London Wall, London EC2Y 5JX, on behalf of G. J. Coles & Coy. Limited ("Coles") of 236 Bourke Street, Melbourne, Victoria, Australia hereby gives notice to all holders of the Debentures that Orion, on behalf of Coles, intends, subject to obtaining any necessary governmental consents and approvals, to make an offer to acquire all the Debentures which on September 15, 1984 are outstanding at a price of US\$1,310 per Debenture which price includes US\$77.50 for the September 15, 1984 Coupon and interest accrued to October 16, 1984 which will be the date of settlement under the offer if accepted between September 18, 1984 and September 27, 1984 inclusive by holders of more than 50 per cent of the Debentures outstanding. The result of the offer will be advertised in London and Luxembourg on October 1, 1984 so that in the event of the offer not being accepted by holders of more than 50 per cent of the Debentures outstanding, any accepting holder may then vote his Debenture in respect of the extension up to October 15, 1984. The offer will be conditional (inter alia) upon receipt of acceptances from holders of more than 50 per cent of Debentures outstanding.

Full details of the offer will be available on or about June 1, 1984 at the offices and addresses stated below:

Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX.

Citicorp (Luxembourg) S.A., 16 Avenue Marie Thérèse, Luxembourg.

April 11, 1984.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



## Province of Nova Scotia

Placing on a yield basis of

### £60,000,000 Loan Stock 2019

The following have agreed to subscribe or, as agents of the Province of Nova Scotia, to procure subscribers for the Stock:—

S. G. Warburg & Co. Ltd.

County Bank Limited

Hambros Bank Limited

McLeod Young Weir International Limited

N. M. Rothschild & Sons Limited

J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Exchange in London for the Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange in London £60,000,000 of the Stock will be available to the Market on the date of publication of this advertisement. The Stock is payable as to £25 per cent on acceptance and as to the balance not later than 5th September, 1984 with interest payable semi-annually on 18th October and 18th April. The coupon and issue price will be determined, as provided in the Placing Memorandum, as at 3.00 p.m. today and will be announced later today.

Particulars of the Stock are available from Exel Statistical Services Limited. In addition, particulars of the Stock may be obtained during usual business hours until 25th April, 1984 from:—

Rowe & Pitman  
City-Gale House,  
39-45 Finsbury Square,  
London EC2A 1JA

R. Nivison & Co.  
25 Austin Friars,  
London EC2N 2JB  
and  
The Stock Exchange

12th April, 1984

## Expamet International PLC

BUILDING, INDUSTRIAL AND SECURITY PRODUCTS

### RESULTS FOR THE YEAR

The group pre-tax profit of £2,784,000 (1982: £1,959,000) more than maintains the rate of progress achieved during the previous two years and represents a significant step towards our goal of producing consistent quality profits. The achievement of a 18.3% return on capital employed, whilst comparing favourably with 11.6% achieved in 1982, is still well short of our target for the future. We continue to maintain a strong balance sheet and our cash reserves give us a firm base from which to move forward.

### DIVIDEND

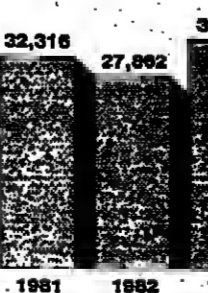
With rapidly improving profits and a strong liquid position, the directors feel justified in recommending a small increase in the dividend for 1983 of 5.6% thus making 4.75p for the year.

### THE FUTURE

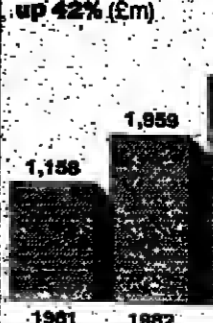
With all companies in the Group now trading profitably we are able to concentrate on new market opportunities and related additions to the Group. With all these favourable indications we are confident that we shall continue progress during and beyond 1984.

### Turnover up 19%

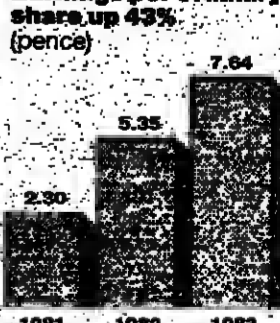
(£m)



### Profit before tax up 42% (£m)



### Earnings per ordinary share up 43%



This statement is abridged from the full financial statements which have been audited. The full statements, together with the Auditor's Report which is unqualified, will be available from the Secretary, Expamet International PLC, Clifton House, 63-69 Lubbock Road, London W5 5TA on April 17th, 1984 and will be delivered to the Registrar of Companies following the Annual General Meeting to be held on 18th May, 1984.

## UK COMPANY NEWS

## MINING NEWS

## RTZ earns 67% more and raises dividend to 18p

BY KENNETH MARSTON, MINING EDITOR

WORLD economic recovery is rubbing off on Rio Tinto Zinc Corporation, although not yet to the extent that some share-market optimists or, indeed, the UK-based mining and industrial group would like.

Still, the increased final dividend of 18p to make 18p for 1983 compared with 16p for 1982 is in line with best expectations. Net attributable profits for the past year came out rather below some recent forecasts, at £172.5m or 59.5p per share, against £103.5m in 1982. Even so, this represents a very creditable rise of 67 per cent.

Group sales revenue in 1983 rose 30.7 per cent to £4.8bn, the major part of the increase being accounted for by the inclusion for the first time of sales by the Australian Comalco aluminium arm.

Better prices for aluminium, zinc and copper played a leading role in the increase of 65 per cent to £263.5m in operating profit.

Virtually all segments of RTZ's interests earned more last year, a notable exception being the Namibian Rossing uranium operation which was hit by lower sales and prices for its product and by higher tax.

Otherwise, the contribution to RTZ earnings of the Australian CRA arm increased to £40.8m from £14.3m in 1982 and the

Canadian Rio Algom provided £10.3m against £2.8m. RTZ Metals increased earnings as did RTZ Borax.

Also helping matters were lower interest rates coupled with the proceeds of rights issues by both RTZ and CRA which contained net interest costs despite high capital spending.

The most likely areas for growth this year are expected by RTZ to be in the UK, Canada and Australia. What is still awaited is a stronger recovery in metal prices but RTZ says that provided the European economies continue on their present course, "the current year should be satisfactory, although not necessarily in terms of return on assets."

The group international adds one other proviso. It points out that its results are sensitive to fluctuations in exchange rates and if there is a weakening in the value of the U.S. dollar, "earnings could be adversely affected."

Following their recent strength, shares of RTZ ran into profit-taking yesterday following news of the latest results and closed 3p down at a low for the day of 677p.

See L2x

## Atlas confident after return to profit

THE RENEWED weakness in metal prices during the latter half of 1983 was not sufficient to prevent Atlas Consolidated Mining and Development of the Philippines from making a profit for the full 12 months, although in the final quarter the group earned just P1.1m of the year's net profit of P9.4m (£5m).

The full-year figure compares with a loss of P295.4m in 1982.

Mr Juan de Ibañez, the group's newly-elected chairman, indicated that Atlas could have made bigger profits but for increased copper production elsewhere in the Third World.

Nevertheless, he remained confident about Atlas's prospects for the current year, saying that demand for copper is likely to outstrip supply.

In addition, Atlas can expect a boost from a number of recent projects, notably the conversion of its mine and treatment plant in Toledo, southern Philippines, from oil to coal, and the development of an underground operation to exploit higher-grade ores.

Separately, the country's financially-troubled nickel, copper and cement producer Marinduque

Mining and Industrial reported a net loss for 1983 of P307.5m (£16.6m). This compares with a deficit of P213.5m the year before.

A shortage of working capital following years of losses forced the closure of the nickel and copper facilities recently, but the group said that it hopes to resume operations at both "shortly".

The new management team installed by the government in January plans to submit a scheme of restructuring to the annual meeting on April 30. This scheme calls for the conversion of P205.13m of debt, owed mostly to government institutions, into common stock in exchange for non-interest bearing subordinated loans.

This would leave Marinduque with only P107.4m of interest-bearing debt and trade-related credits.

The plan also calls for a reduction in the par value of the common stock from P20 to P10, and the issue of significant amounts of new stock in connection with the conversion of the company's debt into equity.

## Mersey Docks swings £21m to finish 1983 £7.5m in the black

ON A marginal improvement in turnover, Mersey Docks and Harbour Co returned pre-tax profits of £7.47m for the year 1983, a swing of £21.08m over the deficit of £13.5m incurred the previous year.

Interest savings following a Government decision to write off a £30m debt owed by the group to the Treasury were an important factor in the turnaround.

Sir John Page, who is stepping down as chairman in June, explains that the group saved £3m which would otherwise have been paid in interest on the debt.

The two-year pay deal agreed in 1982 and a considerable reduction in costs, as a result of measures taken over the past two years and which substantially cut losses on cargo handling activities, also had a beneficial effect on profitability.

Trading profits for the year totalled £5.91m (£8.58m loss). These were subject to severance payments of £7.31m (£5.58m) although the provisions were offset by repayable Government grants.

The settlement of legal claims added £1.56m to pre-tax profits. Sir John described the profits as the first step in the return to viability for the Port of Liverpool.

Total tonnage handled by the group in 1983 amounted to 7.2m, compared with 1982's 6.3m, while the Port as a whole handled 10.7m tonnes, against 9.3m. These are described as "welcome increases."

The improvement in turnover would have been greater but for intense competition which still exists within the ports industry, the chairman adds.

Tax for the year accounted for £200,000 (£394,000) after which there was a £6.55m (£8.58m) surplus for the year. The comparative result was arrived at after adding in repayable Government cash deficiency grants of £18.41m and a £2.18m surplus on the sale of properties.

Mr James Fitzpatrick, at present managing director and chief executive, will succeed Sir John as chairman of the group.

## Fothergill &amp; Harvey 29% up at £1.9m: pays 7.75p

SECOND HALF pre-tax profits at Fothergill & Harvey improved from £578,000 to £1.1m, and figures for 1983 as a whole were up from £1.45m to £1.9m, an increase of 29 per cent.

The final dividend is raised from 3.25p to 5p for an increased total of 7.75p not against 6p. Dividends absorb £94,000 compared with £74,000.

Mr L. Stevens, the chairman, says the improvement, which was steady but slow in the early part of year, faltered in the summer. However, it ended quite strongly in the last quarter with the order intake some 30 per cent higher than in the first quarter.

The recovery did not take place in all subsidiary companies, when grouped into the three main sectors of activity — advanced processing, electrical insulation and coated and uncoated

engineered fabrics — he says there is evidence of recovery and improved margins in each sector.

Margins in advanced materials processing, in particular, were improved, but this was partly due to factory moves and rationalisation at three subsidiaries in preparation for their future expansion.

Mr Stevens says the upturn in orders experienced in the final quarter of 1983 has continued in the first three months of this year. With all the economic forecasts supporting the view of a continuing recovery in the manufacturing sector, there is confidence of an increase in orders in 1984.

Group turnover for 1983 rose to £28.65m from £22.15m. This was after depreciation up from £610,000 to £719,000; share issue of £144,000 (£154,000) and interest charges of £58,000 (£39,000).

## COMPANY NEWS IN BRIEF

FIRST-HALF TAXABLE profits to February 29 have risen more than seven-fold to £411,000 from £58,000 at the Albert Fisher Group and exceeded the 1982-83 final figure of £327,000.

This wholesale greengrocer, which is engaged in becoming a consumer-oriented service group, has included in the results those of two acquisitions it made during the period: J. Need (Crewe) and the Long Group.

Turnover was £18.9m (£4.1m) of which food contributed £15.9m (£3.6m) and distribution £3.0m (£0.5m) to profits — comparisons were on a pro-forma basis.

Tax took £120,000 (£16,000) but the directors warn that the final figure could be higher when Budget changes take effect.

Extraordinary debits took £14,000 (£8,000) leaving an attributable profit of £277,000 (£83,000).

The interim dividend of 0.5p (nil) plus provision for the preference dividend take £39,000 leaving a retained profit of £138,000 (£38,000).

Earnings per share are shown at 2.35p (0.4p) with the comparative figure calculated to reflect the scrip issue of 92,758 preference shares in November.

The directors intend recommending a final dividend of 1p, making 1.5p (1p) for the year. They are confident the full year results will be satisfactory.

Yearling bonds totalling £9.9m at 9½ per cent, redeemable on April 17 1985, have been issued by the following local authorities: Dunfermline District Council £0.5; Medina DC £0.25m; St Helen's Metropolitan Borough £0.8m; Rochdale MBC £0.75m; Wansbeck DC £0.25m; Hart DC £0.25m; Congleton BC £0.4m; Kensington & Chelsea (Royal Borough) £0.5m; Merseyside County Council £1m; Oldham MBC £1m; Wirral BC £0.75m; Bournemouth (Borough) £1m; Epsom & Ewell (Borough) £0.25m; Greenwich (London Borough) £1.25m; Sheffield (City) £1m.

Taxable profits of £77,000 against £59,000 are reported by Pineapple Dance Studios for the six months to January 31 1984.

This USM company, whose chairman Debbie Moore was voted Businesswoman of the Year in March, had turnover of £631,000, (£531,000), tax was £23,000 (£22,500). Earnings per share are shown at a same again 2p.

The company says proceeds from the November rights issue have been applied for buying the property in New York and the Kensington venture. Studio bookings are ahead of budget but the new projects are behind schedule.

By the end of the financial year, however, both projects should be well established and contributing to the company.

On turnover up from just £173,100 to £63,300, taxable profits of Sovereign Oil & Gas surged from £192,520 to £373,700 in the year ended December 31 1983.

Operating charges of this USM company amounted to £31.6m (£35,700) and the pre-tax profit was £192,520 to £373,700, and included interest receivable on short-term deposits of £50,000 (£45,100).

Earnings per 25p share were 9.35p (0.5p), cash flow from operations amounted to £6.08m (£184,000), and capital expenditure was £24.21m (£21.21m).

Pre-tax profits at I. J. Dewhurst, the North Humberside clothing manufacturer, improved by 16.5 per cent from £2.5m to £2.9m in the year to January 13 1984. Sales showed a 23 per cent increase from £27.4m to £33.6m. But net investment income was down slightly from £485,000 to £445,000.

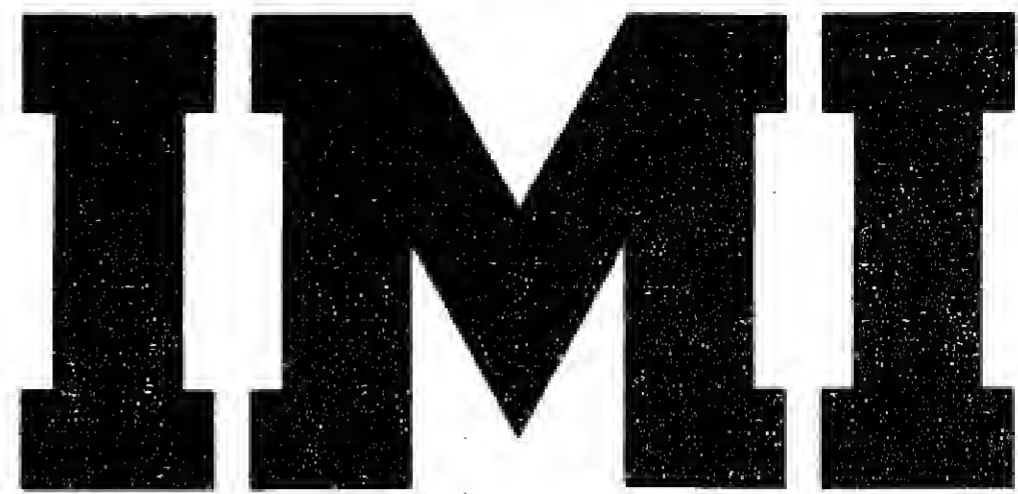
The directors say that although trading conditions generally improved during the year, they remained very competitive. Substantial increases in production capacity have been made during the year, resulting in considerably increased capital expenditure, and further capital spending will take place in the current year. This should result in continued sales and profits growth, providing there is reasonable stability in the economy.

The final dividend is effectively raised from an adjusted 0.75p to 0.85p for a total of 1.2p (1.015p adjusted). Earnings per 10p share improved from 5.22p to 6.17p.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding year	Total last year
Brixton Estate	2.7	July 3	2.3	1.6
Burnah Oil	2.25	July 3	2.5	3.75
S. Casket	0.7	July 3	0.5	1.88
Costs Patens	3.2	July 2	2.8	4.2
Dares Estates	0.85	June 5	0.75	1.35
I. J. Dewhurst	0.88	July 2	0.74	1.25
Expire Stores	1.25	July 2	1.2	0.1
Expense	1.75	July 2	2.5	4.75
Albert Fisher	0.5	July 6	Nil	1
Fothergill & Harvey	5	June 1	3.25	7.75
French Connection	2.8	June 1	2.8	6
Haden	6.38	June 15	6.38	8.63
Hamro Ltd	1.1	June 15	1.1	1.58
Heastle	1.03	July 2	3.58	3.25
LCA Holdings	0.3	June 4	0.2	0.3
Wm. Low	2.9	June 4	2.5	8.8
Newarthill	10	June 4	10	9
Oilfield Inspection	1.55	June 4	1.3	2.65
Pearl Assurance	21	June 4	18	27.5
RTZ	18	June 15	10.5	18
Smiths Inds.	4.75	June 15	4	11.5
United Parcels	21	June 15	1.85	2.81
Wade Potteries	0.6	May 31	0.55	2.2

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted shares. ¶ Decreased to reduce disparity. † Increased to reduce disparity.



BUILDING PRODUCTS · HEAT EXCHANGE · DRINKS DISPENSE · FLUID POWER  
SPECIAL-PURPOSE VALVES · GENERAL ENGINEERING · REFINED AND WROUGHT METALS

## Confidence in our ability to sustain progress

Sir Robert Clark, Chairman, reports: "1983 was a year in which our achievements strongly outweighed our disappointments."

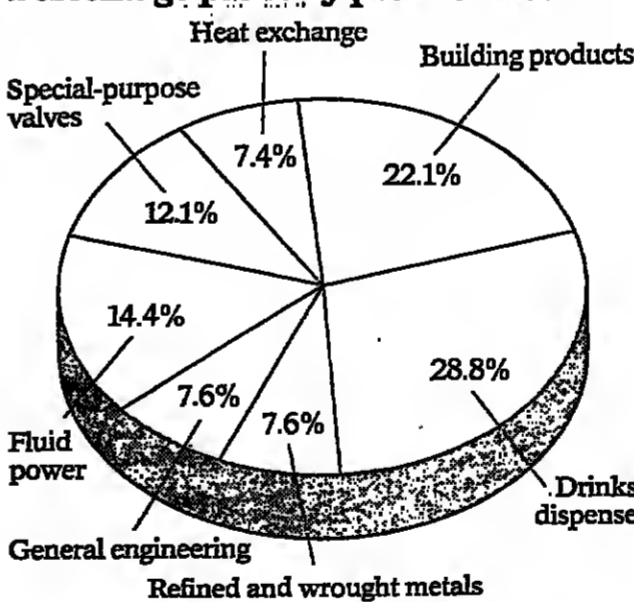
Turnover was up on 1982 by some 7%, and trading profit, at £41.6 million, was some 25% higher, after bearing £5.1 million of redundancy and reorganisation costs. Profit before taxation was £31.6 million compared with £21.6 million in 1982.

"Part of the reason for our improved performance lies in better trading conditions in some areas, but the major part was due to an improvement in the efficiency of our operations and to a change in the balance of our activities..."

"Our confidence in our ability to sustain progress is now sufficient to justify us recommending an increase in dividend from 3.5p to 4.0p for the year as a whole..."

"Our strong balance sheet puts us in a position to pursue further expansion by acquisition and when suitable opportunities arise within our chosen fields of interest."

## Percentage profit by product area



IMI means more than metal

The Annual Report has a comprehensive survey of IMI's activities. If you would like a copy please write to the Secretary, IMI plc, P.O. Box 216, Birmingham B6 7BA.

## Blagden Industries PLC

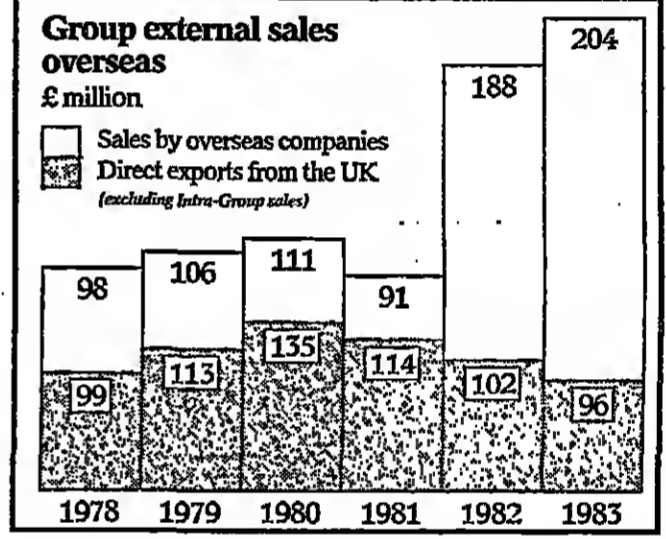
Results for year	1983	1982
Profit before taxation	£2,605	£1,743
Profit after taxation	2,065	1,479
Dividends per share	6.9p	6.0p
Earnings per share	13.9p	12.5p
Net assets per share	143p	137p

It is pleasing to report that my hopes for a much more successful year in 1983 were realised. The record turnover of £67.195M, was 9% higher than the previous year and pre-tax profit increased 49.5% to £2.605M. The streamlining of the group's shareholding structure will greatly enhance prospects of profitable growth, and this aside, the increases achieved in operating efficiency will strengthen our competitive position. There has been an encouraging start to the current year and if the apparent improvement in the business climate is maintained, we can expect further progress in 1984.

A. R. Sperron, Chairman.

Summary of Results	1983	1982
£'000	£'000	£'000
Turnover	676,340	632,639
Trading profit	41,631	33,382
Profit before taxation	31,550	21,607
Earnings applicable to shareholders (excluding extraordinary items)	19,433	12,662

Earnings per share (excluding extraordinary items)	7.2p	4.7p
Dividend per share	4.0p	3.5p



Sir Robert concludes:

"Economic certainty is a rare commodity in the modern world, and although we have done a great deal, we are not yet at the end of the processes of rationalisation, cost reduction and adjustment of our facilities and resources to those demands of the market that we can satisfy profitably. But we have increasing reason for confidence that we can now generate both growth in volume and improvement in margins. These are not claims to be made lightly after manufacturing industry's experience of the last few years."



## Granville &amp; Co. Limited

Member of NASDIB  
27/28 Lovat Lane London EC3R 8EB Telephone 01-421 1212

Over-the-Counter Market									
1983-84	High	Low	Company	Price	Change	Cross Yield	%	Fully	Actual
122	130	122	Ass. Brit. Ind. Ord.	122	+1	6.4	4.8	7.7	10.0
189	117	189	Ass. Brit. Ind. CULS.	143	+1	10.0	7.0	—	—
76	52	76	Airbus Group	54	—	6.1	8.5	18.3	18.3
58	53	58	Armstrong & Rhodes	29	—	2.2	2.2	12.1	26.8
323	141	323	Bardon Hill	323	—	7.7	4.8	10.2	11.0
200	187	200	CCl Ordinary	200	—	5.0	2.5	4.5	8.3
182	121	182	CCl 11pc Conv. Pref.	152	—	15.7	10.3	—	—
500	100	500	Corboudum Abrasives	500	+30	5.7	1.1	—	—
246	187	246	Frank Horrell & Sons	212	—	17.3	17.6	8.9	14.6
63	45	63	Gebr. H. Schuler	63	+1	8.7	4.4	8.2	8.0
212	75	212	Frank Horrell	212	—	4.3	14.1	—	—
106	75	106	Frank Horrell Pr Ord	106	+1	8.7	4.4	8.2	8.0
69	28	69	Frederick Parfitt	30	—	4.3	14.1	—	—
39	32	39	George Blair	36	—	7.3	14.6	13.9	17.2
80	45	80	Ind. Precision Castings	80	—	150.0	6.9	—	—
305	134	305	Iels Conv. Pref.	265	—	17.1	2.7	—	—
121	81	121	Jackson Group	119	—	4.5	3.8	6.2	12.2
248	169	248	James Burrough	248	—	11.4	4.6	13.7	14.0
382	275	382	Minihouse Holding NV	382	—	4.0	1.0	28.7	35.0
176	103	176	Robert Jenkins	102	—	20.0	19.6	11.8	8.0
74	59	74	Serfontein	59	—	5.7	9.7	9.8	7.1
120	81	120	Torday & Carlisle	82	—	2.5	4.7	—	—
444	385	444	Trevian Holdings	440	+2	6.8	7.9	7.5	10.1
26	17	26	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
32	65	32	Water Alexander	80	—	6.5	7.9	7.5	10.0
276	256	276	W. S. Yates	260	+1	17.1	7.1	3.7	7.7



The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th April, 1984 to 10th July, 1984, the Notes will bear a Rate of Interest of 9% per annum. The Interest Amount payable on 10th July, 1984 will be £2,237,720 per £100,000 Note.

County Bank Limited  
Agent Bank

## TECHNOLOGY

SWISS GENETICS COMPANY STRESSES NEED FOR ACADEMIC AND INDUSTRY LINKS

## Why Biogen backs university research

BY DAVID FISHLOCK, SCIENCE EDITOR

A YEAR ago a small Geneva company, unknown as recently as 1979, advertised for six scientists and got nearly 900 applications. It has just begun advertising for a few more specialists and confidently expects to be inundated again.

Biogen is the brainchild of a group of eminent U.S. academic and industrial scientists led by Dr Walter Gilbert, 1980 Nobel prizewinner in chemistry and former Harvard professor. Its shareholders include Inco, Schering-Plough and Grand Let. Their aim is to turn scientific discoveries and techniques into new tools for doctors with an efficiency and speed never previously achieved by the drug industry, despite its fine record of innovation.

To do this, Dr Gilbert believes industry and academia must work in close harmony, unknown except perhaps in times of war. The kind of university scientist Biogen hires probably would not work for a big drug company such as Roche or Ciba-Gigly, says Dr Julian Davies. "I wouldn't."

Dr Davies is Welsh, 52, pockish in appearance and humour, and moves easily among his 170 staff, chattering freely on Christian-name terms in English or French. He cycles the two kilometres between his two laboratories and is clearly respected by his young scientists, not only as his chief scientist but for his skill and energy at squash.

Julian Davies' own informal manner and dress set the tone for the largest section of a research programme which will spend about £20m this year. He has been research director in Geneva since 1980, and also became a president of Biogen last year.

His team of 170 includes 21

different nationalities, 38 PhDs, and "a pretty powerful collection of egos, I can tell you." But only two scientists have left his team since it began, other than those who transferred to new Biogen laboratories in the U.S.

Davies is internationally known for his work on antibiotics and antibiotic resistance. In fact, he is a British-trained chemist who switched careers in his thirties to microbiology. He admits cheerfully that he had doubts when, on arriving at Harvard, he attended a lecture by a Nobel prizewinning biologist "and didn't understand a word of it." Eight years later he was professor of biochemistry at Wisconsin University, a post he held until wooed by a longstanding friend, Walter Gilbert, to help start Biogen.

He runs Biogen with the freedom of a university department while providing incentives for his team to compete hard in an international race. For example, he has organised several highly skilled techniques associated with genetic engineering—DNA sequencing, protein assays, etc.—on a service basis to keep his scientists as free as possible from routine. Young Swiss-trained technicians, mostly girls, provide the scientific services.

He encourages his scientists to undertake their own research, outside the goals set by Biogen, for up to 20 per cent of their time. He encourages them to work just when it suits them and their experiments "bug don't wait"—by making the laboratories accessible 24 hours a day. He has his own research and is often at work on a Sunday—he finds it the best time to talk to individual researchers, unimpeded by the

Targets of Biogen's genetic engineers		
PRODUCT	PARTNER	STATUS
1 Leukocyte Interferon (alpha)	Schering-Plough (U.S.)	Clinical trials
2 Fibroblast Interferon (beta)	Schering-Plough (U.S.)	In development
3 Immune Interferon (gamma)	Shionogi (Japan)	Clinical trials
4 Human Insulin	Novo (Denmark)	Initial Development
5 Factor VIII	Teljin (Japan)	In research
6 Human Serum Albumin	KabiVitrum (Sweden)	Initial Development
7 Plasminogen Activator (TPA)	Shionogi (Japan)	Initial Development
8 Tumour necrosis factor (TNF)	Monsanto (U.S.)	In research
9 Interleukin-2	Suntory (Japan)	Pre-clinical trials
10 T-cell growth factor (TCGF)	Shionogi (Japan)	In development
11 Erythropoietin	Schering-Plough (U.S.)	In research
12 Hepatitis B Vaccine	Green Cross (Japan)	Start of clinical trials in 1984
13 Hepatitis Non A Non B vaccine	Green Cross (Japan)	In research
14 Malaria Vaccine	Hoffman-La Roche (Switzerland)	Sold in Japan Worldwide (non-exclusive)
15 Hepatitis B diagnostic test	Behringwerke (FRG)	In development
16 Swine and Bovine Growth Hormones	Dako (U.S.)	Sold in the U.S. Sold in Italy
17 Foot and Mouth Disease	International Minerals and Chemicals (U.S.)	In development
18 Antibiotics		
19 Herbicide	Meiji Seika (Japan)	In research
20 Anti-inflammatory Agent	Yamanouchi (Japan)	In research
21 Vitamins	Shionogi (Japan)	In research

calls of management.

Davies also encourages individual links with universities at all levels, with a freedom that a big company would find intolerable. But for him it is no more than recognising that in genetic engineering "university research is the font of basic techniques now and for the future. It's very important that we keep the two-way exchange going."

A new one is just being forged with the Royal Postgraduate Medical School at Hammer-

smith. As big business sees it, the freedom for everyone to take his problem off to academia for

help would spell total breakdown of commercial confidentiality. Davies admits that he had one embarrassing leak when word that Biogen was working on animal growth hormones leaked out through Geneva University, because the Biogen scientist had taken his cloning problem there for help. But as he sees it the advantages of collaboration outweigh any risks.

Davies speaks of the "paranoia of confidentiality" among the big drug companies. "It was my observation before Biogen that those companies most up-tight about confidentiality had

least to hide, and they knew it." His staff sign an agreement on confidentiality but he rules "on people's good sense" not to blurt out more than is necessary. He makes no effort to police it and has never had to take disciplinary action on this count, he says.

Biogen backs up the university connection by heavily supporting university research. It began life by sponsoring research in the university laboratories of its scientific board of eminent genetic engineers in the U.S., UK, Switzerland, West Germany and Belgium. This year it will spend about £4m of

its research budget in those laboratories.

What draws good young scientists to Biogen—"I think we get the very best people"—is the calibre of the scientific board, of such men as its chairman, Charles Weissmann, inventor of genetically engineered interferon.

What keeps them is an intellectually very stimulating environment in which Davies works hard to keep people mixing. "It's the casual conversations and meetings that really make things count."

His acknowledged fondness for "good food and good wine" has led him to organise a monthly cheese-and-wine party for the whole staff, where the first challenge is to excite col-

The kind of university scientist Biogen hires would not work for a big drug company.

leagues with the novelty of the fare produced. Regular parties are organised for skiing and wine-buying expeditions.

"But we're not a Playboy Club," Julian Davies stresses. Neither is it a way to get rich quick. What he claims to offer are salaries comparable with those of the big Swiss drug companies—"certainly better than universities"—combined with first-rate research facilities and the freedom expected in academia.

But one reward for outstanding performance—not only in science—is shares in a company which believes it will be a major force in the drug industry before the decade is out. A dozen of his staff received such awards last Christmas.

## Computers

## Digital upgrades

THE RAINBOW personal computer from Digital will appear in a more powerful floppy disc version. The company has upgraded the computer with the aim of integrating it into an office system.

Digital's Rainbow 1085, the new machine, will have 128 Kbits of basic memory—twice that of the previous model. It will cost \$2,700 minus monitor and keyboard.

The company also announced several other products including one called the gold key country kit which allowed the Rainbow to be used as a terminal to Digital's Vax range of mini-computers.

## Sensors

## Level alarm

FILTRING fuel oil from storage tanks has become such a problem that Sarsland Engineering of Bletley near Crewe, Cheshire, has developed a tamperproof alarm.

Based on liquid level sensing, the alarm is able to automatically monitor a number of storage tanks from a distance away. A level sensor mounted in each tank is connected to a main console.

Once the system is activated, any deviation in the fuel oil level—with allowance for normal variations—will trigger the alarm. More details from the company on 0270 824466.

## Components

## High speed tester from Genrad

THE LATEST automatic tester from Genrad, the model 2276, can deal at high speed with circuit boards containing analogue, digital and memory components.

The machine is an upgrade of the company's model 2276 which has sold well in Europe. It is able to deal with more of the analogue and memory components that are being built into the latest boards and costs between \$175,000 and \$190,000 as opposed to about \$110,000 for the previous machine. Genrad claims to have about 40 per cent of the in-circuit board testing market world wide.

In such testing, a "bed of nails"—an array of 1152 contact pins in this case—makes contact with the board and each pin is backed by 32k of memory, allowing complex digital testing. But the pins are "hybrid" in that they can also inject and sense analogue signals. Thus wiring of the test pins is thus obviated and new levels of comprehensiveness, flexibility and speed are claimed. Genrad is in Maldenhead on 0688 39181.

The 2276 offers an optional analogue instrumentation package consisting of a function generator that provides sine, square and triangular waveforms, an AC voltmeter and a timer/counter for frequency measurements.

## TELECOMMUNICATIONS EQUIPMENT

## All change for exchanges

GEC INFORMATION Systems has announced successors to the SLI electronic FAX (private automatic branch exchange) called SLX and BTeX, aimed at the office automation market.

Manufacture of the SLI, as such will cease, although the "core" electronic processor element of the two new machines will owe much to that design.

The SLX will be sold through GEC's Reliance subsidiary while BTeX will be offered by British Telecom.

They are essentially the same but the final product in each case will depend on additional features, the suppliers might add.

Present users of the SLI (some 200 have been supplied) will be able to migrate upwards to the new machines, and support will continue for the SLI.

Both new products are aimed in the first instance at the UK and Commonwealth markets. Under the terms of the licen-

ing agreement with Northern Telecom, where the SLI was designed, the new units will not be available in North America.

Basically, the exchange has been made smaller and faster (twice as fast in the larger models). One shelf of standard rack will now accommodate equipment for 224 extensions, so that one cabinet can deal with 1344. In general, the floor area is between 0.38 and 0.5 of that needed for the SLI.

The SLI "featurephone" telephone sets have been retained, but an additional unit called Daticom has been announced, aimed at managers' desks.

It has a 12-inch screen and keyboard and serves as a data, text and image terminal as well as a telephone.

An important evolution from SLI is enhanced digital networking. In addition, GEC claims the SLX "exploits the areas of simultaneous voice and data more fully than any other

available exchange."

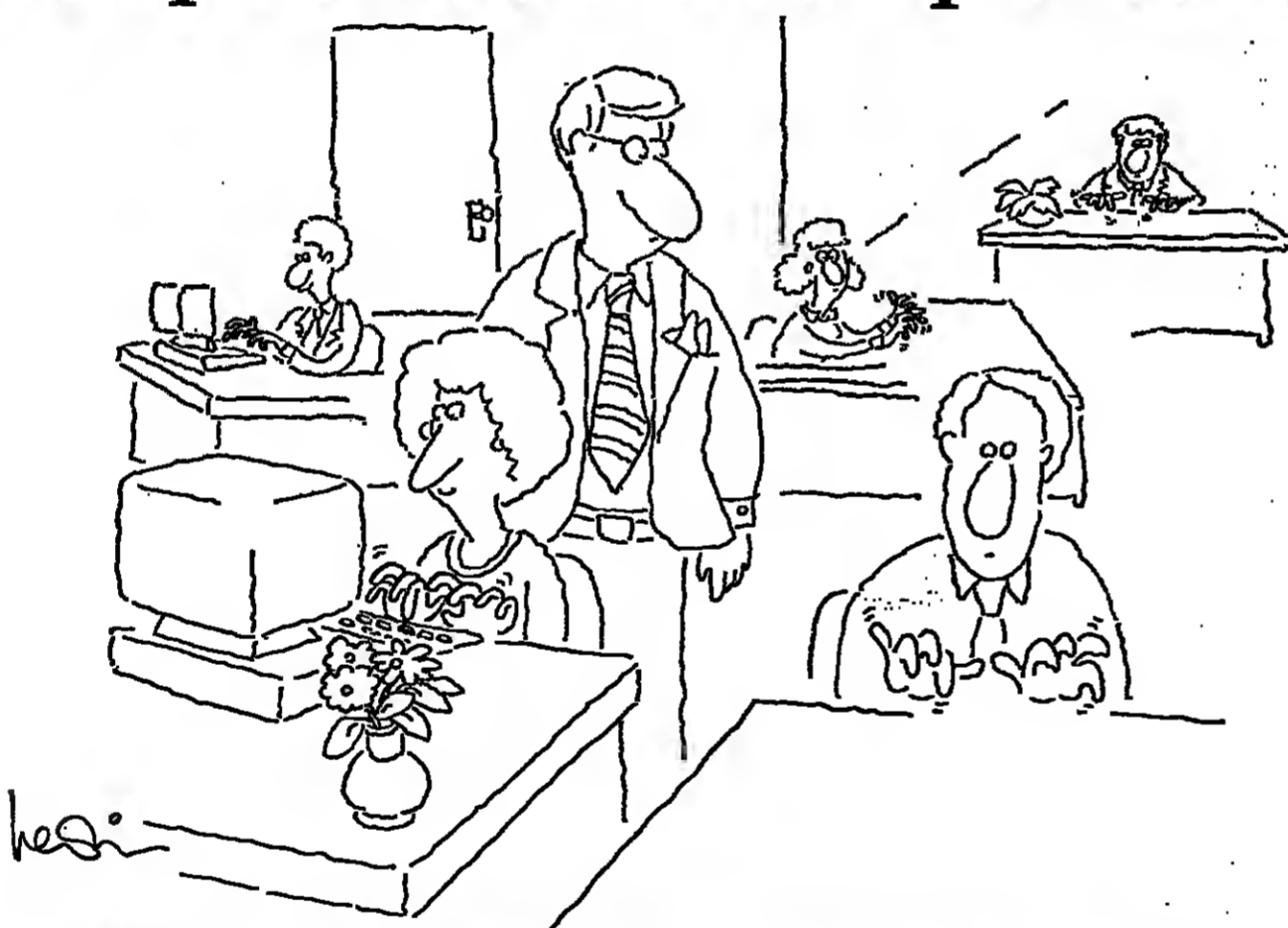
The techniques are those put forward by Mr Chris Ellis, technical and marketing director of GEC last year (Technology, Page, December 22).

The SLX will be the focus of an ISLN, or integrated services local network within an organisation. Speech, data, text and images can be sent with equal ease, and switched as phone calls are switched on current PABXs. Ellis sees ISLN as the local equivalent of British Telecom's ISDN (integrated services digital network), a planned national network. SLX will have a higher data rate, however.

Extension users will be able to communicate with other local or national networks, whether analogue or digital and connected to remote peripheral devices is possible over cable, optic fibre or microwave links. More from GEC Office Systems in Coventry on 0249 558819.

GEORGE CHARLISH

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# SECTION III - INTERNATIONAL MARKETS

## FINANCIAL TIMES

Thursday April 12 1984

EEC strikes a sour note  
in search for  
sugar pact, Page 42

### WALL STREET

## Direction slow to develop

A LACK of direction was felt on Wall Street financial markets yesterday, with investors inclined to await today's announcement of retail sales and money supply statistics for an indication of the progress of the U.S. economy. Last month's retail sales figures will be scrutinised for signs of a slowdown in the pace of expansion, writes Terry Byland in New York.

Credit markets were steady, with the latest two-week reserve accounting period ending on a calmer note than its predecessor. The banks appeared to be arranging their reserve positions without difficulty, and the federal funds rate traded quietly at just over 9 per cent.

Confidence in the stock market was thin after the unsuccessful attempt to rally in the previous session. Leading stocks opened higher but slipped lower as support faded.

By 3pm the Dow Jones industrial average was 5.45 down at 1,132.85.

Shell Oil was to the fore on the active list, with the stock easing by 1/4 to \$57 1/2 after the board of the parent company again stressed that it would not increase the offer for the outstanding equity of the U.S. subsidiary.

Also in the oil sector, Occidental fell 1 1/4 to \$30 1/4 awaiting developments from Mr David Murdoch, the Los Angeles financier who recently showed interest in the stock.

Another takeover stock to attract interest was Walt Disney, which dipped 1/4 to \$65 1/2 although Mr Roy Disney disclosed that he is buying stock. Mr Saul Steinberg's Reliance Group has also been picking up shares in the film and leisure conglomerate.

On the American Stock Exchange, there was a jump of 5 1/4 to \$34 1/4 in Feltmont Oil, which received an offer from Homestake Mining.

There was some nervousness in the bond market after the disclosure by Marsh and McLennan that it has suffered losses through unauthorised trading in federal bonds by some employees. Bond prices weakened late on Tuesday, partly because of fears that the insurance group might be obliged to liquidate some of its bond portfolio, which is estimated at between \$500m and \$2bn. But there was little sign of any forced selling yesterday.

The fall to 9 per cent in the federal funds rate was regarded as exceptional, since the Federal Reserve seemed last week to be targeting the rate closer to 10 per cent. However, the fall helped the credit markets, which moved higher at mid-session.

Small gains were scattered throughout the range of the bond sector. The key long bond, the 12 per cent of 2013, put on 1/4 to 98 1/4 to yield around 12.38 per cent. In the futures market, where selling was triggered on Tuesday, the April contract edged higher.

Corporate bonds held steady in light

trading, helped by the successful sale of \$75m of 10-year notes by Boise Cascade, the timber company.

The municipal sector was featured by strong demand for \$4.3bn in revenue notes by New York State, the largest ever issued by the state. Also due for sale yesterday was \$100m in bonds by Texas Utilities Electric, priced to yield 13.7 per cent.

### TOKYO

## Conviction found lacking

CONVICTION was lacking in Tokyo stocks yesterday as buying interest drifted from non-ferrous metal, synthetic fibre and cotton spinning issues in the morning session, to some blue chips in the afternoon, writes Shigeo Nishiwaki of Jiji Press.

In erratic trading, the Nikkei-Dow market average climbed 24.32 to 10,939.44, with 455.01m shares changing hands against Tuesday's 483,75m. Brokers forecast more listless trading in the days ahead.

Many investors were daunted by a surge in margin debt on the three major exchanges last week and the slowness of the advance on Wall Street.

Machine tool shares were conspicuous in steadily edging upward, based on good order inflow. Aida Engineering put on Y120 to Y1,320, Tsugami Y19 to Y788 and Okuma Machinery Works Y40 to Y880.

Non-ferrous metal shares, which attracted buyers the previous day, hit a bout of selling. Sumitomo Metal Mining fell Y70 to Y1,750. Some textile and chemical issues also lost ground.

Blue chips found buyers on rumours of purchases by a leading investment trust management company. Hitachi gained Y10 to Y940, Matsushita Electric Industrial Y30 to Y1,900 and Fanuc Y320 to Y9,600. But trading was thin.

Investors were discouraged by the suspension of trading in Aiden, a maker of lighting equipment listed on the second section, following news of a financial crisis.

The bond market held steady, buoyed by sustained purchasing by trust banks and by investment trust management companies building new trust funds. The yield on the benchmark 7.5 per cent long-term government bond due January 1993 consequently slid 4 basis points to 7.15 per cent.

### HONG KONG

THE HALF-DAY midweek session left Hong Kong easier as the Hang Seng index, encountering resistance at the 1,100 barrier, gave up 7.22 at 1,088.90.

Losses of 10 cents apiece took Hutchison Whampoa to HK\$17.80 and Swire Pacific to HK\$18.80. Jardine Matheson was among those to gain, up 20 cents to HK\$11.40.

As the Sino-British talks resumed, brokers foresaw no great likelihood of an escape from the current consolidation phase until the colony's future becomes clearer.

### SINGAPORE

THE FOOTHOLD of Singapore's Straits Times industrial index above the 1,000 mark was made somewhat more solid with a 3.91 gain to 1,006.81, but business remained quiet and some profit-taking was encountered.

Volume leader General Corporation slipped 2 cents to S\$3.14, while prominent gains included 25 cents for National Iron at S\$8.70, 12 cents in North Borneo Timber at S\$2.28, and 15 cents by Singapore News at S\$8.30.

### SOUTH AFRICA

CAUTIOUS upward movements in Johannesburg golds left Hartbeest 50 cents better at its day's high of R104 and President, Steyn a full R1.75 better at R71.

Gold put on R1 to R152 but JCI ("Johnnies") shed that amount at R173. Gold Fields of SA held at R22.

Industrials were broadly mixed, with one unsettling factor, a Barclays National Bank survey showing a "very marked deterioration" in business confidence. Retailer OK Bazaars dipped 35 cents to R19.

### CANADA

GOLDS had a good day in Toronto but, along with transport issues, were one of the few firm spots. Weakness was found particularly among base metals and media stocks.

Early gains among Montreal banks began soon to be eroded, while industrials by contrast shook off opening selling to batten later.

### AUSTRALIA

RISES and falls were fairly evenly matched in Sydney, but the focus of attention remained BHP as it slid 15 cents to A\$14.10 - its two-day fall of 40 cents being attributed variously to possible options exercising by the Bell group, fears of a resource tax and rumours of a disappointing oil well.

The resource sector was weak generally, though, as were base metals, while golds were flat.

### EUROPE

## Brighter tone broadens

THE BRIGHTER tone evident in isolated European bourses early in the week spread further, leaving the Dutch market as one of the few weak spots.

Frankfurt staged a sharp turnaround with a 10.2 gain in the Commerzbank index to 1,018.1 as car makers and banks featured strongly.

Daimler-Benz improved again with a DM 8.50 jump to DM 559.50 as BMW edged DM 2 higher to DM 402.

Deutsche Bank continued to attract investors attention, which pushed it DM 5.20 ahead to DM 379.50, while Commerzbank closed DM 1.40 up at DM 178.70 and Dresdner was 70 pfgr firmer at DM 171.70.

Degussa scored a DM 0.50 rise to DM 404, a new high for 1983-84, while Allianz, unchanged in the previous session, moved DM 9 ahead to DM 781. Klöckner Werke, in which the Australian group CRA is acquiring a stake, firmed 60 pfgr to DM 84.50.

Bonds were firm as the Bundesbank sold DM 73.2m in paper to balance the market compared with Tuesday's DM 45.3m sales.

Another active Paris session saw a

FFr 29 surge to FFr 695 for Bouygues on plans to take a controlling interest in the oil service group Amrep. Valeo's takeover of the loss-making Ducellier depressed it by FFr 12 to FFr 286, while Bic's improved profit levels failed to impress, taking it FFr 11 lower to FFr 440.

Roussel-Uclaf stormed FFr 81 ahead to a high of FFr 1,000 with other strong performances from Legrand, FFr 39 up at FFr 1,915, and Dumez, FFr 50 higher at FFr 790.

A further peak was reached in strong Brussels trading where utility Intercom reached a new 1983-84 peak of BFr 2,085, up BFr 5. Utilities have benefited by the 1/2 point cut in short-term Treasury bill rates since Monday. Electrolux was steady at BFr 6,580 before its higher results for 1983. Industrial, chemical and metal issues were stronger.

Banks were hardest hit in a swift Amsterdam retreat which clipped 0.9 off the ANP-CBS general index to 159.

ABN fell F1 13.50 to F1 383, while Ned Mid Bank slipped F1 4 to F1 155.50.

Boskalis, recently volatile, put on F1 1.10 to F1 39.10 before its suspension until today's annual report.

Bonds drifted down by about 20 basis points.

Firmer Zurich trading featured banks, with Union Bank SwFr 180 down at SwFr 3,450 ex-dividend and Credit Suisse up SwFr 20 to SwFr 2,240.

Bonds were steady in light turnover.

A late rally in Milan erased some early losses, while Madrid continued firmer.

Stockholm managed a recovery in heavy trading which saw Volvo edge SKr 1 up to SKr 480.

### LONDON

## Cheer still drawn from Chancellor

INVESTORS in London continued to favour equities at the expense of government securities yesterday, and the FT Industrial Ordinary index advanced impressively to close 7.5 up for a two-day rise of nearly 18 points at 886.1. The Chancellor of the Exchequer's bright view of UK economic prospects remained the basic stimulant.

The volume of business was down on Monday's level, partly reflecting a more selective approach on the part of institutional operators.

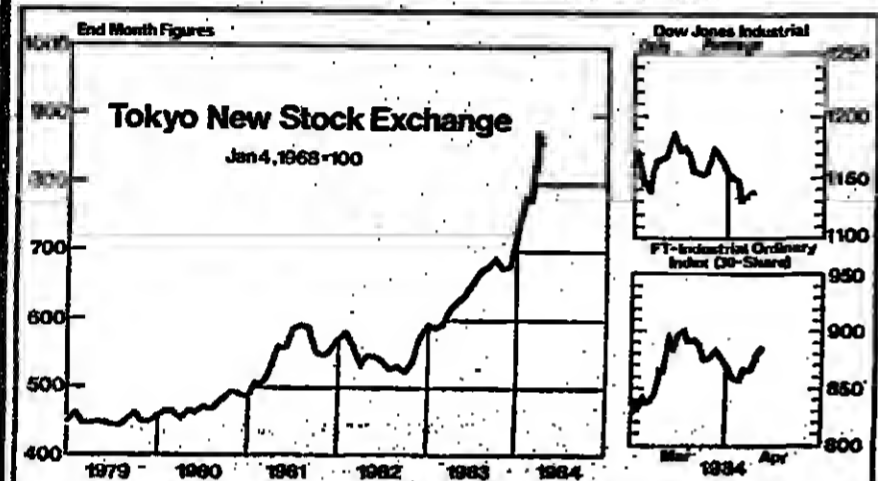
Life insurers moved sharply higher following Charterhouse J. Rothschild's acquisition of a 24.8 per cent stake in Hambro Life, 8p up at 440p. Hambros, the seller, put on 18p to 185p.

Merger speculation enveloped Distillers, 7p ahead at 278p, and Trusthouse Forte, up 9p to 237p.

Confirmation that UK bank lending was rising uncomfortably fast deterred potential buyers of gilt-edged securities. Light selling brought longer-dated gilts back 1/4.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38-39.

### KEY MARKET MONITORS



STOCK MARKET INDICES	April 11	Previous	Year ago
NEW YORK			
DJ Industrials	1132.85	1138.30	1141.83
DJ Transport	485.70	490.33	508.91
DJ Utilities	125.58	125.43	125.00
S&P Composite	155.77	155.87	155.14

LONDON	April 11	Previous	Year ago
FT Ind Ord	886.1	878.6	887.1
FT-SE 100	1110.6	1105.4	924.3
FT-A All-share	524.32	520.81	433.02
FT-A 500	568.38	563.62	470.99
FT Gold mines	668.3	669.7	622.3
FT-A Long gilt	10.15	10.12	10.30

TOKYO	April 11	Previous	Year ago
Nikkei-Dow	10,939.44	10,915.12	8475.19
Tokyo SE	858.85	854.04	611.03

AUSTRALIA	April 11	Previous	Year ago
All Ord.	756.2	756.8	537.3
Metals & Mins.	540.2	541.5	498.2

AUSTRIA	April 11	Previous	Year ago
Credit Aktien	55.00	55.07	53.03

BELOM	April 11	Previous	Year ago
Belgen SE	153.51	151.88	118.92

CANADA	April 11	Previous	Year ago
Toronto Composite	226.7	228.0	217.7
Montreal Industrials	420.71	420.75	368.44
Combined	391.35	397.03	362.71

DENMARK	April 11	Previous	Year ago
Copenhagen SE	181.58	181.02	131.54

FRANCE	April 11	Previous	Year ago
CAC Gen	172.2	170.9	118.5
Ind. Tendance	110.1	109.0	74.9

WEST GERMANY	April 11	Previous	Year ago
FAZ-Aktien	347.43	349.51	305.39
Commerzbank	1018.1	1007.9	820.3

HONG KONG	April 11	Previous	Year ago
Hang Seng	1088.90	1086.12	1041.88

ITALY	April 11	Previous	Year ago
Banca Comm.	210.92	210.40	205.38

NETHERLANDS	April 11	Previous	Year ago
ANP-CBS Gen	159.0	159.9	129.1
ANP-CBS Ind	128.8	129.2	108.0

NORWAY	April 11	Previous	Year ago
Oslo SE	271.40	269.34	161.28

SINGAPORE	April 11	Previous	Year ago
Straits Times	1006.81	1002.9	890.25

SOUTH AFRICA	April 11	Previous	Year ago
Golds	n/a	1094.5	858.2
Industrials	n/a	1083.9	845.4

SPAIN	April 11	Previous	Year ago
Madrid SE	116.81	116.77	116.00

SWEDEN	April 11	Previous	Year ago
J & P	1547.17	1541.38	1284.42

SWITZERLAND	April 11	Previous	Year ago
Swiss Bank Ind	371.2	370.1	313.8

WORLD	April 10	Prev	Year ago
Capital Int'l	186.0	185.1	165.5

GOLD (per ounce)	April 11	Prev	Year ago
London	\$383.75	\$382.25	
Frankfurt	\$384.75	\$381.50	
Zürich	\$384.75	\$381.25	
Paris (fixing)	\$382.99	\$381.55	
Luxembourg (fixing)	\$383.25	\$382.25	
New York (April)	\$384.60	\$382.40	

### ABBEY NATIONAL 1983

"Improve and expand the nation's housing stock. Shorten and simplify the process of home buying..."

Sir Campbell Adamson speaking at the 1984 Abbey National AGM.



Among the points made by the Chairman, Sir Campbell Adamson, at the Abbey National Annual General Meeting held on the 11th April 1984 were:

One of the actions we took which received comment more than any other, was the Board's decision in the Autumn, to give notice to the B.S.A. to leave its rate fixing agreement. As a result the B.S.A. decided to bring that agreement to an end. I think it is important that members should know why the Board took this decision and I would like to repeat here the four reasons which led us to it.

1. The rates agreement had served its purpose and was very frequently abused.
2. It increased the number of investment schemes on the market which tended to confuse a good many potential investors.
3. Its passing will allow societies to make their decisions more quickly in reaction to market forces.
4. Most importantly, we needed to be able to improve our products for our members without unnecessary restrictions on our room for manoeuvre.

It is an economic fact of life that no financial organisation or group of organisations can remain significantly out of line on the general level of interest rates for more than a brief period. The rates at which we lend and borrow money must reflect this and we must, as always, balance the interests of the two groups of people concerned. It is only fair to point out however, the real returns on savings in Abbey National were at their highest level for many years during 1983, and even now are extremely competitive compared with alternative investments.

### "A YEAR OF SOUND FINANCIAL GROWTH"

During 1983 our total assets grew to over £14.3 Bn a growth of 18.8%. This compares extremely well with our major competitors. Reserves totalled £32.2M a healthy increase over last year and represents 3.72% of total assets.

Cash and investments, at nearly £3 Bn represents a liquidity ratio of over 20%, giving flexibility to meet surges in mortgage demand. Demand for mortgages continued at a very high level with almost £3.3 Bn advanced. This year we expect to lend not far short of £4 Bn.

Our work in the housing sector, continues with the twin aims of both satisfying our mortgage applicants' needs and improving the nation's housing stock. Thus £480M was lent on newly built properties, while at the other end of the spectrum, £762M was lent on the purchase of pre-1919 houses.

### CUSTOMER SERVICE

The opening of 12 new branches brought the total to 676, still the largest network of any society. The installation of our advanced computer system for branches is now almost complete, and the speed and quality of service thus available sees new standards which can now be enjoyed by over 8 million members. We are continuing to pursue methods of reaching members other than by the fully staffed branch. Hence our

recruitment of a large personal counselling team and enhanced use of over 2,500 agencies. We have also decided to establish a network of automated teller machines which we anticipate will begin to be available within 12 months.

### MONEY SERVICE

The ending of the interest rates undertaking has enabled us to rationalise and improve our product range. Apart from the Ordinary Share Account, the range now consists of:- 7 Day Account - for investments on short notice, Higher Interest Account - for longer term money, and Cheque-Save - an interest bearing account with the best possible means of immediate access.

### HOME SERVICE

Your Board has a clear policy which commits the Society to taking practical measures to improve and expand the nation's housing stock, and shorten, cheapen and simplify, the whole process of home buying. We welcome the prospect of new legislation - in today's world there is a clear need for trusted organisations to own, develop and redevelop land and buildings for the benefit of their members.

Regeneration of decaying urban areas continues to receive priority, with Abbey National in the forefront of providing much-needed confidence building measures - such as our Showhouse scheme. We now have over 50 Showhouses (older properties modernised to a high standard) to show local residents what can be achieved with careful use of local authority grants combined with Abbey National's top-up advances.

In January we launched the Abbey National Property Service, designed to speed up procedures and lower the cost of house purchase. This scheme maximises the use of links between our branches and agents for the benefit of members. Almost 900 top grade agents are participating.

To demonstrate our commitment to improving housing standards in the years ahead, a Showhouse from our new Adaptable Homes range was built at the 1984 Daily Mail Ideal Home Exhibition. A further Showhouse has been built for the International Garden Festival in Liverpool, which opens in May.

The Abbey Housing Association is developing two of the twelve sites under construction using designs from the Adaptable Homes range at Beckton and Milton Keynes.

At Stockbridge Village near Liverpool, together with Barclays Bank, we are participating with the Local Authority in the imaginative redevelopment of a run down housing estate. And in Hackney we have established a joint team with the Local Authority to deal with whole areas of near derelict housing there, and to agree on plans for the next five years.

**ABBEY NATIONAL**

FULL COPIES OF THE ANNUAL REPORT AND SPEECH ARE AVAILABLE FROM: THE SECRETARY, ABBEY NATIONAL BUILDING SOCIETY, 27 BAKER STREET, LONDON W1M 2AA.

کتابخانه ملی افغانستان

Continued on Page 24

Prices at 3pm, April 1

Continued on Page 3[illegible]

Sales figures are unnotified. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 2 per cent or more has been paid, the year's high-low range as dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s) b-annual rate of dividend pl stock dividend c-liquidating dividend, old-called d-new issue of stock e-dividend declared or paid in preceding 12 months f-dividend in Canadian funds, subject to 15% non-residence tax, g-dividend declared after split-up or stock dividend h-dividend paid this year, omitted, deferred, or no action taken i-dividend in arrears j-dividend in arrears k-dividend, an accounting matter l-issue with dividends in arrears m-new issue in the past 52 weeks The high-low range begins with the start of the current dividend n-dividend declared or paid in the preceding 12 months o-dividend declared or paid in preceding 12 months, plus stock dividend p-stock split. Dividends begins with date of split q-split rates, dividend paid in stock in preceding 12 months, estimated cash dividend r-dividend declared or paid in preceding 12 months, plus trading trailing h-v-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed to be common w-v-dividend distributed with stock x-dividend with warrants, s-x-dividends or ex-rights z-divs-a-dividends u-without warrants, v-x-dividend and sales in full, yid-yield z-sales in full

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## ECONOMIC INDICATORS

Monday  
the  
al Times

## OVER-THE-COUNTER

**Nasdaq national market 3pm prices**

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Stock	Sales (thous)	High	Low	Last	Chng	Stock	Sales (thous)	High	Low	Last	Chng	Stock	Sales (thous)	High	Low	Last	Chng
AFG	8	16	17	17	+	Clear	0	45	21	21	+	FRS&G	30	11	25	25	+
APC	68	17	17	17	+	Contra	1	119	34	34	+	FS&M	11	23	11	11	+
APC G	180	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
APC G	254	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Amth	20	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	20	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+
Asaph	18	17	17	17	+	Contra	1	114	34	34	+	FR&M	140	34	11	11	+

[illegible]

New York Active Stocks									
Wednesday		2:00 p.m.		Change on Day		Stocks Traded		2:00 p.m.	
Stk	Vol	Stk	Vol	Stk	Vol	Stk	Vol	Stk	Vol
IBM	101,820	57%	+1/2	Consolidated	177	+1/2			
Genl	301,820	84%	-2 1/4	Chrysler	678,500	24%			
Steel	798,500	41	-1 1/4	IFT Corp	567,000	35	-3/8		
Oil Corp	192,300	30%	-7/8	Shaw Ind	165,800	37 1/2	+1/2		
Nat Ind	772,800	14%	+1/8	ATT	582,000	10	+1/2		

MONTREAL									
Apr 11		Apr 9		Apr 8		Apr 7		1984	
High	Low	High	Low	High	Low	High	Low	High	Low
419.78	418.25	418.65	417.47	417.47	416.95	416.95	416.95	416.95	416.95
398.25	397.80	398.25	397.80	397.80	397.80	397.80	397.80	397.80	397.80

TODAY'S COMPLETE									
U.S. DOLLARS: 1.30 PER DOLLAR. YESTERDAY'S CANADIAN DOLLAR: 1.30 PER DOLLAR.									

12 Month									
High	Low	Stk	Vol	Stk	Vol	Stk	Vol	Stk	Vol
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2	7 1/2	Vm	12 1/2
12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2	7 1/2	Wm	12 1/2
12									

**ENERGY REVIEW** – every Wednesday in the Financial Times





No.	Stock	Price	1/4	1/2	3/4
285	McAndrew Pet 20p	215			
286	MacIndica Pet	217			
287	MacIndica Pet 10p	218			
288	Century 10p	70			
289	Century 5p	70			
290	Century 2 1/2p	70			
291	Century 1 1/4p	70			
292	Century 1/2p	70			
293	Century 1/4p	70			
294	Century 1/8p	70			
295	Century 1/16p	70			
296	Century 1/32p	70			
297	Century 1/64p	70			
298	Century 1/128p	70			
299	Century 1/256p	70			
300	Century 1/512p	70			
301	Century 1/1024p	70			
302	Century 1/2048p	70			
303	Century 1/4096p	70			
304	Century 1/8192p	70			
305	Century 1/16384p	70			
306	Century 1/32768p	70			
307	Century 1/65536p	70			
308	Century 1/131072p	70			
309	Century 1/262144p	70			
310	Century 1/524288p	70			
311	Century 1/1048576p	70			
312	Century 1/2097152p	70			
313	Century 1/4194304p	70			
314	Century 1/8388608p	70			
315	Century 1/16777216p	70			
316	Century 1/33554432p	70			
317	Century 1/67108864p	70			
318	Century 1/134217728p	70			
319	Century 1/268435456p	70			
320	Century 1/536870912p	70			
321	Century 1/1073741824p	70			
322	Century 1/2147483648p	70			
323	Century 1/4294967296p	70			
324	Century 1/8589934592p	70			
325	Century 1/17179869184p	70			
326	Century 1/34359738368p	70			
327	Century 1/68719476736p	70			
328	Century 1/137438953472p	70			
329	Century 1/274877906944p	70			
330	Century 1/549755813888p	70			
331	Century 1/1099511627776p	70			
332	Century 1/2199023255552p	70			
333	Century 1/4398046511104p	70			
334	Century 1/8796093022208p	70			
335	Century 1/17592186044416p	70			
336	Century 1/35184372088832p	70			
337	Century 1/70368744177664p	70			
338	Century 1/140737488355328p	70			
339	Century 1/281474976710656p	70			
340	Century 1/562949953421312p	70			
341	Century 1/1125899906842624p	70			
342	Century 1/2251799813685248p	70			
343	Century 1/4503599627370496p	70			
344	Century 1/9007199254740992p	70			
345	Century 1/18014398509481984p	70			
346	Century 1/36028797018963968p	70			
347	Century 1/72057594037927936p	70			
348	Century 1/144115188075855872p	70			
349	Century 1/288230376151711744p	70			
350	Century 1/576460752303423488p	70			
351	Century 1/1152921504606846976p	70			
352	Century 1/2305843009213693952p	70			
353	Century 1/4611686018427387904p	70			
354	Century 1/9223372036854775808p	70			
355	Century 1/18446744073709551616p	70			
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359	Century 1/295147905179352825856p	70			
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366	Century 1/3777893183095716171008p	70			
367	Century 1/7555786366191432342016p	70			
368	Century 1/15111572732382864684032p	70			
369	Century 1/30223145464765729368064p	70			
370	Century 1/60446290929531458736128p	70			
371	Century 1/120892581859062917472256p	70			
372	Century 1/241785163718125834944512p	70			
373	Century 1/483570327436251669888024p	70			
374	Century 1/967140654872503339776048p	70			
375	Century 1/1934281309745006675532096p	70			
376	Century 1/3868562619490013351064192p	70			
377	Century 1/7737125238980026702128384p	70			
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387	Century 1/792281624555522765778838016p	70			
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396	Century 1/40564819228442623364679107328192p	70			
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441	Century 1/14272472576538508900511				

Far West Rand			
14	Barbours 25c	1310	102700
15	Bartlett, R. 10c	2140	175000
16	Bellville 20c	2140	175000
17	Boonville 10c	2140	175000
18	Boonville 10c	2140	175000
19	Boonville 10c	2140	175000
20	Boonville 10c	2140	175000
21	Boonville 10c	2140	175000
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94	Boonville 10c	2140	175000
95	Boonville 10c	2140	175000
96	Boonville 10c	2140	175000
97	Boonville 10c	2140	175000
98	Boonville 10c	2140	175000
99	Boonville 10c	2140	175000
100	Boonville 10c	2140	175000
O.F.S.			
1	Price State Dec. 50c	775	70500
2	Price State Dec. 50c	775	70500
3	Price State Dec. 50c	775	70500
4	Price State Dec. 50c	775	70500
5	Price State Dec. 50c	775	70500
6	Price State Dec. 50c	775	70500
7	Price State Dec. 50c	775	70500
8	Price State Dec. 50c	775	70500
9	Price State Dec. 50c	775	70500
10	Price State Dec. 50c	775	70500
11	Price State Dec. 50c	775	70500
12	Price State Dec. 50c	775	70500
13	Price State Dec. 50c	775	70500
14	Price State Dec. 50c	775	70500
15	Price State Dec. 50c	775	70500
16	Price State Dec. 50c	775	70500
17	Price State Dec. 50c	775	70500
18	Price State Dec. 50c	775	70500
19	Price State Dec. 50c	775	70500
20	Price State Dec. 50c	775	70500
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61	Price State Dec. 50c	775	70500
62	Price State Dec. 50c	775	70500
63	Price State Dec. 50c	775	70500
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Diamond and Platinum			

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## Potato prices rise by £1.09 a tonne

Under the Brazilian plan Australia and Brazil would be allocated 2.7m tonnes each, Cuba 2.3m, and the remaining six big exporters 5m tonnes. These allocations add up to 17.1m tonnes, leaving around 3m tonnes to be shared amongst the medium-size exporters, with individual quotas, and small exporters with no restrictions.

● The EEC Commission yesterday authorised the export of 68,250 tonnes of white (refined) sugar at its weekly selling tender. A maximum subsidy of Ecu 41.589 per 100 kg (equal to nearly £247 a tonne) was granted.

cent to 70 cents a lb.

● **WORLD** grain stocks this summer are projected at 179.8m tonnes, up from 178.1m forecast last month, the U.S. Department of Agriculture said.

In its supply and demand report, the department also forecast a slight increase in

## Japanese invade Blue Mountain

**st £18m in  
n coffee**

"The result of the kiwi crops has been very encouraging, and there is definitely a niche for the fruit in production overall."

● **THE U.S.** is to donate 5,228 tonnes of surplus dairy products to the Dominican Republic, the U.S. Department of Agriculture announced.

The volume of local production, however, has always been short of demand and the island has been receiving prices up to

... study production, consumption and stocks there and to fix yearly quota for Cuban sales in world markets, the federation said.

## AMERICAN MARKETS

NEW YORK, April 10

Copper prices advanced strongly during a week of heavy trading, responding to arbitrage activity, strong refinery reports, demand for scrap, and aluminum prices closed orderly higher on active trade and speculation. The "improvement" in the stock market was also a factor.

ALUMINUM

	6,000 tray oz	cents/tray oz
Close	High	Low
Apr 7	238 1/2	241 1/2
Apr 8	238 1/2	241 1/2
Apr 9	240 1/2	244 1/2
Apr 10	241 1/2	244 1/2
Apr 11	241 1/2	244 1/2
Apr 12	241 1/2	244 1/2
Apr 13	241 1/2	244 1/2
Apr 14	241 1/2	244 1/2
Apr 15	241 1/2	244 1/2
Apr 16	241 1/2	244 1/2
Apr 17	241 1/2	244 1/2
Apr 18	241 1/2	244 1/2
Apr 19	241 1/2	244 1/2
Apr 20	241 1/2	244 1/2
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Apr 22	241 1/2	244 1/2
Apr 23	241 1/2	244 1/2
Apr 24	241 1/2	244 1/2
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Apr 27	241 1/2	244 1/2
Apr 28	241 1/2	244 1/2
Apr 29	241 1/2	244 1/2
Apr 30	241 1/2	244 1/2

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Apr 16	241 1/2	244 1/2
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Apr 17	241 1/2	244 1/2
Apr 18	241 1/2	244 1/2
Apr 19	241 1/2	244 1/2
Apr 20	241 1/2	244 1/2
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Apr 18	241 1/2	244 1/2
Apr 19	241 1/2	244 1/2
Apr 20	241 1/2	244 1/2
Apr 21	241 1/2	244 1/2
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Apr 26	241 1/2	244 1/2
Apr 27	241 1/2	244 1/2
Apr 28	241 1/2	244 1/2
Apr 29	241 1/2	244 1/2
Apr 30	241 1/2	244 1/2

	Close	High	Low	Prev
Wt	70.20	70.80	70.70	71.12
g.	67.60	67.72	67.10	67.28
g.	66.06	66.20	64.85	66.47
c	65.25	63.36	63.05	63.07
c	64.07	64.20	63.92	64.30
c				37.37

PORK BELLIES 36,000 lbs., cents/lbs.				
	Close	High	Low	Prior
July	72.60	73.20	72.40	73.00

	Close	High	Low	Prev.
ny	308.2	309.5	307.0	308.2
ny	355.4	355.5	354.4	355.5
ny	322.6	324.4	322.8	325.2
ny	301.4	302.0	—	302.6
ny	309.4	302.5	308.0	310.4

	Close	High	Low	Prev
y	795.8	801.0	794.0	802.2
y	805.0	810.4	804.0	812.0
y	737.2	801.0	795.0	802.5
y	768.4	782.4	758.2	764.0
y	727.4	733.0	727.0	734.2
y	738.2	743.4	738.0	748.2
Arch	781.8	788.4	781.0	788.4
y	780.8	784.0	780.0	787.0
y	788.0	770.8	788.0	774.0

Crude	High	Low	End
207.9	208.3	207.5	208.0
207.1	208.4	206.8	209.4
208.0	210.0	208.0	210.0
205.2	206.5	206.0	207.3
198.5	—	198.0	201.0
199.9	202.0	199.5	202.5
201.2	202.8	201.0	202.5
205.5	—	—	205.0

**WABASH OIL 80,000 lbs. export/bbl.**

Crude	High	Low	End
31.25	31.02	30.80	30.35

29.67	29.90	29.26	29.86
28.96	28.90	28.20	28.80
27.20	27.46	26.90	27.37
26.38	26.60	25.90	26.50
24.16	24.25	23.85	24.22
24.76	26.60	25.00	24.33
EAT 3,000 bu./min	cents/100 lb.		
Close	High	Low	Prev
367.2	368.6	364.4	370.9
362.2	362.4	348.4	362.0
			22.0

ch	376.0	376.0	373.6	374.8
	378.4			378.0
POT. PRICES—Chicago loose hard				
0 (small) cents per pound: New				
on 578.0-84.0 (578.0-82.0) cents				
pound.				

169.00	73.00	66.90	73.72
169.00	72.90	66.80	73.60
167.90	72.20	67.25	72.25

	Close	High	Low	Prev
Y	367.2	368.8	364.4	370.9
	362.2	352.4	348.4	352.0
t	354.4	354.4	351.2	353.0
	368.0	368.0	365.0	366.6
ch	376.0	376.0	373.6	374.4
	378.4			378.0

**POT. PRICES**—Chicago loose hard  
 0 (same) cents per pound. New  
 on 578.0-584.0 (578.0-582.0) cents  
 pound.

کتابخانه





## FINANCIAL TIMES SURVEY

SPAIN  
BANKING, FINANCE AND INVESTMENTDifficult  
times  
likely to  
persistBY DAVID WHITE,  
Madrid Correspondent

EVEN AT the best of times Sr. Miguel Boyer, Spain's Finance Minister, looks a little like the Knight of the Mournful Countenance—and never more so than when he is being lauded by the opposition Press.

This is done with sadistic regularity, in the knowledge that the lofty, obdurate economics supremo and his travelling companion, Industry Minister Sr. Carlos Solchaga, have to run the gauntlet most weeks in the Cabinet. Neither is short of enemies within the Socialist Party or in the trade union movement. So who needs friends in Right-wing newspapers?

A year and a half into its four-year mandate the Government of Sr. Felipe Gonzalez has been pushing ahead with stern monetary and industrial policies in an intense period of labour unrest. Stemming from the coincidence of two main factors—a difficult set of wage rounds following the breakdown of a system of framework pay pacts agreed nationally by unions and employers and the prospect of government-imposed redundancies in key industries—the wave of strikes at the beginning of this year was heavier than any so far in the eight years since Franco.

The severe monetarist line has put back the chances of an early improvement in employment.

The jobless total, at 2.1m, is setting on for 20 per cent of the working population. The rate of increase has slowed but the Government has nothing to show yet for the most eye-catching of its election promises, which was to create 800,000 new jobs.

The new element in the Government's strategy this year is that it is going for a cut in real earnings, setting a wage target 1.5 points below its inflation objective of eight per cent. This first taste of genuine austerity coincides with perhaps the toughest stage in its programme for reorganising over-manned industries. The opening battle, over the future of the state-owned steel complex at Sagunto on the Mediterranean, began more than a year ago when the first attempt was made to start phasing out its main activities. The urgency is now that much greater.

The loss of time over this programme—and possibly the waste of political capital—have to be ascribed to the poor state of preparation of the new administration. Sr. Gonzalez now recognises openly the Government's failure to explain its aims and choices properly during this period and is trying to make up lost ground.

His first TV address to the nation last month was devoted entirely to the business of sacrificing steel and shipbuilding jobs.

## Tensions

The tensions inside his Cabinet are well known and Sr. Gonzalez has taken an increasingly presidential role, providing support for the policies of rigour preached by Sr. Boyer.

In the opinion of a top non-party official, "the worst thing the Government could do would be to lose control of budget spending and of inflation, not just economically but politically too. It could be disastrous for the Socialists in 1984." That is not only scheduled as a general election year but is also supposed to be Spain's year for joining the EEC.

On inflation the Government

The fight against inflation is proving as painful for bankers as for the Government as it pushes ahead with stern monetary and industrial policies against mounting unrest on the labour front

has so far achieved its aims, bringing the rate down from 14 per cent to close to 12 last year—but still four points more than the EEC average. The level is continuing to drop, even if the 8 per cent target this year already appears hard to achieve. Pay conflicts, which provoked a series of strikes in airlines, public transport, textiles, motors and other sectors, have settled down in recent weeks, leaving in their trail an average increase of around 7.5 per cent compared with 11.5 per cent last year. The government is privately not unhappy about this result.

The external payments picture has improved more dramatically, with a reduction of almost 40 per cent in the current account deficit to \$2.5bn in 1983. On the basis of the trend shown for January and February this year's figure is expected to fall below the \$1.5bn mark, a level that should be covered by foreign investment alone. This implies a reduction in foreign borrowing requirements from \$6bn, stabilisation of Spain's \$20bn foreign debt and a strengthening of its reserves, which stood at a little over \$11bn at the close of last year.

Spanish exports in the first two months reversed their weak performance at the corresponding stage last year, with an improvement of 42 per cent in dollar terms.

Despite the recent change in the dollar's fortunes the currency factor still seems to be working in Spain's favour. Exports are counted on to lead the country's growth, rather than consumption, which will be hit by wage austerity, or public investment, which is being re-



strained. Last year the foreign sector is reckoned to have contributed two-thirds of Spain's two per cent growth and this year the Government is now entertaining hopes of surpassing its 2.5 per cent target. With a growth rate of three per cent it would be reaching the minimum level considered necessary for achieving a net increase in employment.

However, the recent export success masks underlying problems with regard to Spanish competitiveness. Spain now has a considerable advantage in trade with France, for instance, but stands to be hit once it joins the EEC.

In theory, once a member, Spain could set out to compete simply by playing with the exchange rate. This play has its supporters but Sr. Boyer is known to be not particularly friendly towards it because of the risk of an unstable spiral of inflation and devaluation.

The preferred alternative, which would be to link the now floating peseta with the European Monetary System, would be pegged to obtaining suitable transition terms—but even that poses an awesome challenge to much of Spanish industry.

In many sectors getting productivity up to EEC standards may require improvements of as much as 20 per cent. It is not evident how this is to be achieved in a country where, despite efforts to ease labour rigidity, it is still notoriously difficult to get people out of their jobs.

The biggest problem, however, is undoubtedly the public sector. The Government's aim has been to bring the budget deficit, which climbed alarmingly in the preceding years, down from six per cent of Gross Domestic Product. But it will be difficult to keep this year's figure close to the target

of Ptas 1,330bn (about \$9bn).

Monetary policy issues are dominated by public sector indebtedness and the current losses of state enterprises such as the coal company Rumasa, which Sr. Enrique Moya, chairman of the Instituto Nacional de Industria (INI), has described as being more like a foundation than a company.

INI, the many-tentacled holding group set up by Franco, had financial costs alone of more than Ptas 200bn (\$1,35bn) last year. Annual losses for this group of companies and the Renfe railway network together totalled Ptas 338bn (\$2,25bn).

The prime argument that the banking sector fields in its dealings with the Government is concern over the cost of this deficit and over the lack of investment from the private sector.

The authorities maintain that the needs of the public sector will still leave room for an increase of eight per cent in total credit to the private sector and that together with self-financing this will allow for an investment pickup, provided wage increases are moderate. But the business climate still shows little sign of brightening.

Even though Spain's Socialist leadership shunned overt nationalisations, the state's role in the economy remains a subject of controversy. The Rumasa group, which it took over in February last year to avert a financial crisis, has started to be privatised bit by bit, but some of it is bound to stay in state hands.

The government is now in

for a difficult time with the banks, on which it is to press the burden of a public debt issue to clear up Rumasa's books, an increase in the quota for state-directed credit allocations and a demand to take down some of the barriers of banking secrecy so that it can get at tax fraud.

The Big Seven banks are still a formidable lobby, with the octogenarian, septuagenarian and octogenarian generations at the head of the more traditional institutions holding out remarkably well against the trend towards younger technocrats.

Five years of banking crises preceding the Rumasa affair have increased these big banks' weight within the system. Together with the casualties they have picked up on the way they account for four-fifths of deposits.

Many would argue—Sr. Boyer is one—that Spanish banks are still too small by international standards and that concentration needs to go further.

Two intriguing changes have taken place in the competitive picture during the past year. One is Citibank's forced attack on the retail banking market, to which it gained access by absorbing the ailing Banco de Levante. The other is the striking increase in the Arab presence through the consortium to which the Government recently awarded Banco Atlantico, the "pearl" of Rumasa's banking empire.

However, the beyday of foreign banking in Spain appears to have passed. In a crowded market there is little incentive for new arrivals and foreign banks no longer stand out because of their flourishing profits.

## Settlements

After protracted and sometimes acrimonious negotiations settlements have been reached with the banking community on the two largest corporate

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financial crises in Spanish history, both of which came to a head just before the Socialists took power—the state-controlled Aluminio Espanol, which went into suspension of payments for a year, and Union Explosivos Rio Tinto (ERT), the leading chemical group, which spent 18 months narrowly avoiding the same fate.

However, other financial problems are lying in wait. The biggest are in the heavily indebted private electrical utilities, a sector where reorganisation has been made more pressing by the Government's decision to call off five nuclear power stations—projects already in progress to the tune of more than \$8bn.

As in so much else, the Government can argue that the store of problems was laid in by its predecessors during the early years of democratic transition. The task of explanation that Sr. Gonzalez has now taken on is largely concerned with the inheritance of jobs not tackled earlier. The trouble is that there is more of the inheritance still to come.

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## BANCO DE SANTANDER

## 1983 Highlights

	1983	1982	Increase	%
	Million pts.	Million pts.	Million pts.	
Capital & Reserves	76,666	72,166	4,500	6,24
Deposits	839,350	728,130	111,420	15,30
Bonds	40,032	30,449	9,583	31,47
Loans & Discounts	359,174	511,582	47,592	9,30
Reserves for depreciation, loan losses & adjustments	13,232	10,595	4,637	43,77
Net Dividend per Share (Pts.)	63,00	60,87	2,13	3,50
Market Value	93,720	78,100	15,620	20,00
Cash Flow	29,395	23,644	5,751	24,32
Net Profit	10,091	9,106	985	10,82
Return on assets (R.O.A.)	0,92	0,97	(0,05)	-
Shareholders	380,173	389,655	(9,480)	(2,43)
Employees	10,132	10,238	(106)	(1,04)
Branches in Spain	1,035	1,037	18	1,74

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## SPANISH BANKING II

## More clouds loom on the horizon for private banks

## Monetary policy

DAVID WHITE

SINCE THE Socialist Government took power almost 18 months ago with a determination to hold the line on inflation Spain's bankers have hardly known whether to applaud or groan at the way monetary targets have been relentlessly enforced.

There is a peculiarity in Spain's financial edifice called the "coeficientes". In any discussion of banking these are stumbled across at almost every turn. Contrary to the thinking of a few years ago, they appear to be permanently built in.

The coeficientes are the percentages of the funds held by banks which are tied up in compulsory reserve requirements or state-directed investments. They are a prime

instrument of monetary policy and in the last 12 months rates have been progressively stepped up to drain unwanted liquidity out of the system.

In fact, however, the coeficientes perform two functions at the same time—as an adjustable means of controlling money supply and, no less important, as an economical source of funding for the state. This dual role arrangement is not unique to Spain—Italy, with its chronic budget deficits, operates similar rules—but the Spanish system is distinguished by the extent to which it has been pushed.

The country's predominantly private banks, complaining that they really control barely half the funds they collect from their customers, are waiting now for the next blow.

"The joke going around," said one bank economist, "is that this is the real liberalisation of the banking system in Spain. This one frees you from taking any decisions."

The authorities began to tighten up in April last year by raising banks' fixed interest deposits at the Bank of Spain

after monetary calculations began to go awry. The main culprit was the proliferation of commercial paper and other liquid assets falling outside the standard definition of money supply. To counter this effect the official targets for M3—money in circulation and bank deposits—were brought down. In August the banks were hit again with a full-point increase in their non-interest-bearing reserve requirements to the comparatively high level of 7.75 per cent.

## Jacked up

The combined total of interest-free and remunerated reserves imposed on the banks, which then stood at 11.75 per cent, has since been jacked up to 15 per cent under a reform introduced in January. This furthermore widens the base on which these compulsory deposits are assessed to include a range of paper issued by the banks, such as mortgage bonds.

The only concession to the banks is that they earn more on these much larger compulsory deposits than they did

before. The non-interest-bearing element has been cut to 5 per cent, while interest on the remainder has been increased from 10 per cent to 13.5 per cent.

The Government succeeded last year in its aim of bringing the cost-of-living index down from a 14 per cent increase to close to 12 per cent, with the growth of money supply—cash and deposits—dropping from 16 per cent to 12.6 per cent.

This year the aim is to bring this figure down to not more than 10.5 per cent as the Government optimistically sets its sights on 8 per cent inflation.

The Bank of Spain has, however, switched its attention to a wider money supply definition embracing all the new "quasi-money" instruments, for which the target increase is set in a range around a central figure of 12.5 per cent.

Talk of bow limited an access to credit the private sector would obtain out of all this spurred a number of larger companies into a rush for foreign borrowing at the start of this year.

With this evidently in mind,

Sr Jose Ramon Alvarez Arendales, Governor of the Bank of Spain, suggested recently that monetary growth might be allowed to drift further up towards the top of the target range—14.5 per cent—as a result of the unexpectedly strong improvement in the balance of payments so far this year.

However, no easing of the controls mechanism appears to be in prospect—far from it.

An increase is due shortly in the other main element of the coefficient system—the "investment quotas" which include finance for capital goods and exports.

Altogether, banks' resources are now more tied than ever. In 1977 commercial banks—which are subject to a different regime in this respect from savings banks, industrial banks and the export-oriented Banco Exterior—had to devote a total of 30.5 per cent of their total deposits to the various coeficientes. This was made up of 5.5 per cent in monetary regulation require-

ments and 25 per cent in credit allocations.

In January, when an extra turn of the screw was temporarily exerted during the introduction of the new-style rules, the rate went up to over 30 per cent and is currently settled at 49.5 per cent.

## Turn of the screw

The monetary regulation component of this has reached 28 per cent—the 18 per cent cash reserve requirement plus 10 per cent devoted to Treasury bills—and credit allocation makes up the remaining 21.5 per cent.

To the basic elements of the investment quota—13 per cent to fund the Official Credit Institute (ICO), 5 per cent to finance capital goods and 3 per cent to provide export credit—has been added 0.5 per cent as a last resort means for getting the banks to subscribe to aid funds for the Basque country, which was swept by summer floods last year.

The question now is: how far

can the system go? In the case of savings banks, pessimists in the banking community point out, three quarters of funds are tied up—so why not us?

There is talk in official circles of a legal upper limit close to the current rate. But none the less a heavy new financial burden is waiting to be passed on to the banking system, from several sources.

For from escaping its share of liability in the affair of Rumasa, the banking and industrial group expropriated by the Government over a year ago, the banking system will be asked to cough up funds for the issue of public debt destined to cover the group's accumulated losses of Pta 250bn or more.

In addition there is the Government's three-year programme for reconverting industrial "jams"—essentially steel and shipbuilding—which, if implemented fully according to plan, will require something in the order of Pta 1,000bn. Further clouds on the horizon

include the looming foreign debt problem of the country's electrical utilities, which the Government will have to find ways of sorting out.

In short, the state's demands on the banks do not look like easing for some time.

The public sector's share of new financing has been increasing sharply and this year is expected by private sector experts to occupy more than half the total. Last year, according to figures published by the Spanish Private Banking Association (AIEB), the state's slice rose to almost 39 per cent from under 27 per cent in 1982.

The official forecast is that despite the growth of the public sector's financial needs there should be room this year for an increase of 7.5 per cent to 8 per cent in the total amount of credit available to the private sector. But business organisations say the squeeze on funds as far as private enterprise is concerned promises to be somewhat stronger.

## Empire built on shaky foundations

## Rumasa

TOM BURNS

IN FEBRUARY, Banca Masaven was sold. Last month, Banco Atlantico changed hands. That left 18 Rumasa banks in search of a buyer. More than a year after Sr Jose Maria Ruiz Mateos's holding was expropriated by the state nobody would claim there has been a stampede to purchase properties that were the cornerstone of the Rumasa conglomerate and together amounted to one sixth of the bank deposits in Spain.

The apparent lack of enthusiasm for the Rumasa banks is not surprising. On paper the group's banking sector, currently managed by the semi-state run Deposit Guarantee Fund and for sale to the best bidder, offers a once in a lifetime opportunity for national banks bent on aggrandisement and for foreign banks wanting a foothold in Spain. But the financial community has seen through the Rumasa cosmetics long before the expropriation order. "Are they really what we all understand by banks?" was how one senior bank executive put it.

The banks were the cornerstone of the Rumasa empire because they permitted Sr Ruiz Mateos to borrow. At the end of his meteoric career the founder, chief shareholder and absolute ruler of Rumasa, had one sole strategy—to buy everything he could. Sr Ruiz Mateos's off-stated ambition to consolidate with 100,000 employees was another way of saying he desperately needed to be too big to default.

Sr Ruiz Mateos had been able to borrow because of his unique position as banker and businessman. In Spain it is banks which own business. In the Rumasa world it was business that owned the banks. Being both creditor and debtor opened uncharted waters, all the more so since the mainstream of the business and of the banks was not subject to public scrutiny as it was wholly privately owned. The new phenomenon that Rumasa represented allows it to circumvent the official 2.5 per cent ceiling on individual banks' lending to individual businesses.

## Concern

But in the end it was the very cornerstones that gave way. It was the Rumasa banks (the "private" banks) that created increasing concern over the exposure of the Rumasa banks to the Rumasa business. The Rumasa borrowing was an all too apparent time bomb. The Government expropriated Rumasa in February 1983 to avert a public bankruptcy that would have rocked the entire Spanish financial system. But for the banks Sr Ruiz Mateos would never have drawn so close to the precipice. Since this was common knowledge in the banking sector the sale of the Rumasa banks presents distinct difficulties.

In the same way as the financial sector questioned whether the Rumasa banks were really what they claimed to be, doubts were cast on Sr Ruiz Mateos's credibility as a banker. He certainly wished to be accepted as a top powerful banker. The fact is that the never was Rumasa's banking division was never a cohesive unit pursuing orthodox policies commensurate with its size and potential. This is a complaint not just of the current administrators of the group's banks. It is echoed by Government appointees running other divisions of the expropriated holding.

Reconstructing the business practice of Sr Ruiz Mateos is a picture emerges of a supreme ruler who distrusted board room strategy and dealt directly with divisional heads. As far

as the banking division was concerned there was no doubt that its purpose was to capture funds for the rest of the Rumasa empire. Dealings with the banking executives, towards the end of the holdings' heyday, were reduced to straight demands for credit to cover a mounting negative net worth.

Banking went hand in hand with the expansion of Rumasa. Sr Ruiz Mateos bought his first bank in 1962, the year after Rumasa was formally constituted before a public notary in his home town of Jerez. The bank was Banco Gimenez y Cia, a one-branch operation located alongside a bakery in the village of Fernan Nunez, in the southern province of Cordoba.

This first bank, which had deposits totalling Ptas 30m at the time of its purchase by Sr Ruiz Mateos, was promptly renamed Banco de Jerez. The purchase of Gimenez y Cia set a pattern for the growth of the Rumasa banking division. During the sixties and early seventies Sr Ruiz Mateos bought a succession of small, mostly family-owned banks and revamped them, usually renaming them grandiosely after provinces or areas of Spain. He never actually founded a bank and therefore avoided the official scrutiny that would have accompanied the application for a licence.

It was no coincidence that Sr Ruiz Mateos's bank buying spree coincided with the far-reaching liberalisation of Spain's financial system in 1962. New legislation drew distinctions between and laid down new ground rules for retail banks, merchant banks and mixed banks. Those in the second group, conceived as the trail-blazers of Spain's industrial boom, received added incentives. In general terms the



Torres de Jerez, the Rumasa group headquarters in the Plaza de Colon, Madrid.

Spanish banks grew at a glacial pace. An average of 190 branches opened annually in the post-war liberalisation decade against an average of 44 a year in the previous period.

The cycle of the banking crisis in Spain is described by one senior official as "a crisis of new banks and new bankers." Aside from the incongruities of the Rumasa banking operation, Sr Ruiz Mateos was a victim of the cycle just as much as he had been a chief beneficiary of the boom in the first place. The expropriation of Rumasa was significantly termed by Finance Minister Sr Boyer as "The end of the banking crisis."

The incongruities of the Rumasa banking division remained, however, the chief cause of impending collapse of the holding. By 1973, five years before the expropriation, the Bank of Spain was already probing Rumasa. Applications by Sr Ruiz Mateos to buy the Banco de Navarra and the Banca Lopez Quesada, both notable casualties of the crisis, were turned down by the monetary authorities. The Rumasa chairman therefore created a parallel organisation, the so-called "submerged" Rumasa, with which he could continue the purchase of financial circuits that were

CONTINUED ON NEXT PAGE

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Sales income: 130,345 million pesetas  
Number of customers: 2,482,535

Production: 15,873 GWh.  
Supplied energy: 17,161 GWh.

Generating capacity (MW): 4,970

Production capacity in progress (MW): 1,959

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Nuclear ..... 780

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## SPANISH BANKING III

## Obliged to reassess aims as credit squeeze tightens

## Foreign banks

ALISON HOGAN

THE COOL grey decor and large abstract paintings which First Interstate chose for its new branch office in Madrid are in marked contrast to the opulent surroundings of many of the older established banks in Spain.

First Interstate is the latest foreign bank to open a branch office in Spain and the style it has adopted reflects to some extent the changes taking place in the banking sector, where after four relatively prosperous years foreign banks have had to reassess their aims and ambitions in the face of an interventionist government trying to implement a firm monetary control.

Sr Fernando Bermudez of First Interstate recognises that the bank has arrived at what is probably the most difficult period for foreign banks since the Government issued a decree in June 1978 which opened the flood-gates to a sizeable foreign presence in the country.

First Interstate, a California-based bank which ranks seventh in the U.S., has a worldwide strategy of increasing its international presence and the Madrid office is just the newest link in the lengthening chain. It studied the banking market closely before deciding on its scale of operation.

Until 1978 there were only four foreign banks with a significant presence in Spain. They were Credit Lyonnais, Bank of London and South America (part of Lloyds Bank), Societe Generale de France and the Banca Nazionale del Lavoro from Italy.

The main conditions laid down in the 1978 decree were that foreign banks could open representative offices in Spain and up to three branches. They could also create subsidiary banks which would have a Spanish legal identity and subscribed 100 per cent by foreign banking institutions.

**Sophistication**  
The number of foreign banks in Spain rose rapidly to over 30 and for a couple of years they made healthy profits (though still constituting only a small proportion of the total Spanish banking sector). The Government realised that the profile abroad of the Spanish banking sector needed to be raised if trade was to be encouraged. The competition from the foreign banks and the techniques and ways of financing they had developed elsewhere brought a new sophistication to Spain's money markets.

The foreign banks developed an active interbank market to ease the problems of funding they faced as a result of controls on the contents of their securities portfolios, which were restricted to government and fixed interest securities. They further improved their liquidity as the new money instruments they devised were free of the onerous coefficients imposed by the Government as part of its policy of monetary control.

One such instrument was the *pagaré de empresa*, a source of one-year funding at fixed rates below the volatile market interest rates, which were placed through the stock exchange. At a time when the level of trading in equities was at a low ebb, the instruments also proved a useful new source of business for the stock exchange.

The period of expansion of foreign banks in Spain also coincided with a serious shake-out among Spain's own fragmented banking sector. No fewer than 53 out of the 108 Spanish banks in existence in 1978 experienced financial difficulties in the ensuing years.

The foreign presence, it was hoped, would help bring a new stability and greater accountability to the sector. A couple of banks were allowed actually to buy troubled banks and so establish a retail banking network in the country.

Barclays Bank was the first. It bought the Banco de Valladolid at the beginning of 1981, two years after the Banco de España first intervened and began to dispose of its doubtful assets. The French bank Banque National de Paris (BNP) followed six months later with the purchase of the Banca López Quisada.

As an incentive to banks, both Spanish and foreign, to rescue some of the ailing banks, the Government granted a five-year exemption from some coefficients on the deposits of banks. This increased their liquidity and gave them a chance to re-establish themselves and win new business.

The exemption proved increasingly attractive as the Government, particularly after the Socialist came to power, increased the level of state-directed lending to its present high level of around a half of all deposits.

The Government has recently been stepping back from granting further exemptions. It realises that the exemptions weaken its monetary controls and has also heeded the complaints of the banks without exemptions that the others are unfairly favoured in competing for funds. The Government also argues that with the worst of the banking crisis over the remaining banks that might be on the market are in good shape and do not warrant the exemption.

The last foreign bank to benefit from the coefficients exemption was Citibank, which bought the Banco de Levante for \$36m at the end of 1983. The acquisition of a network of some 70 branches around the country immediately pushed Citibank near the top of the foreign banking league. Its long-term aim is to build up a market share of around 1½ to 2 per cent.

## PROFITS OF FOREIGN BANKS IN SPAIN

	(Pta m pre-tax)	1979	1980	1981	1982	1983
Morgan Guaranty		39.1	349.6	673.7	724	441
Banque Nationale de Paris		57.0	397.5	557.0	593	57
Dresdner	(49.5)	214.7	419.8	544	87	
Deutsche	(24.6)	164.7	354.2	580	(49)	
Citibank	1.3	218.9	523.7	642	369	
Paribas	36.6	215.5	323.9	1	22	
Chase Manhattan	17.4	118.0	361.6	N/A	74	
Manufacturers Hanover	36.3	256.1	1,154.8	396	2,772	
Algemeine	—	6.2	196.1	99	(26)	
Chemical	—	46.5	309.3	324	301	
Continental Illinois	—	30.2	117.7	337	114	
Commerzbank	—	(35.7)	18.6	N/A	116	
Tokyo	—	22.1	196.5	162	260	
Bankers Trust	—	27.0	111.9	218	92	
Chicago	—	—	106.9	117	393	
National Westminster	14.4	144.9	239.8	490	352	
Barclays	11.9	66.1	481.6	375	412	
Indosuez	—	116.6	247.9	295	173	
Banco do Brasil	—	(11.9)	73.3	133	159	
Banco di Roma	—	—	52.1	105	111	
S.G. Banco Belg	—	—	—	4	(6)	
Banco Exterior de los Andes	—	—	50.1	224	240	
Banco Estado do Sao Paulo	—	—	—	103	188	
Midland	—	—	12.8	25	13	
Bank of America	289.9	509.2	806.3	809	1,394	
Banco de Londres y America del Sur	324.3	388.0	744.2	672	101	
Credit Lyonnais	48.6	402.1	856.9	196	359	
Societe Generale de Banque en Espagne	133.5	302.3	101.4	(425)	(701)	
Banca Nazionale del Lavoro	129.1	127.9	131.6	N/A	N/A	
Banco de la Nacion Argentina	—	—	—	—	31	
Banco Real	—	—	—	—	39	
Sumitomo	—	—	—	—	17	
Credit Commercial de France	—	—	—	—	91	
Banca Commerciale Italiana	—	—	—	—	(58)	
First Interstate Bank of California	—	—	—	—	5	

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Mateos's own reckoning, for 70 per cent of the division's profits (the profit claim is, of course, contested by the monetary authorities who estimate that the banking division was losing Ptas 30bn annually).

It was clear from the beginning that if any of the Rumasa banks was going to be reprivatised it was to be the Atlantico. On March 21 the Cabinet duly approved its sale to Arab Banking Corporation, owned by official Kuwait, Libyan and Abu Dhabi interests, which led a joint operation together with the state-controlled Banco Exterior and the mixed Spanish-Arab Banco Arabe Espanol.

Arab banking corporation staked 70 per cent of purchase, Exterior 25 per cent and Aresbank 5 per cent. Earlier the Banca Masaveu had been sold for a nominal sum to a second Oviedo-based bank, Banco Herrero. A package of 443,000 Masaveu shares nominally worth Pta 1,000 each were transferred for Pta 1 apiece. Herrero received a

The strategy of Citibank, like First Interstate, has been shaped largely by the global policy of its parent company in the U.S. The two have taken very different paths and decided that Spain holds different attractions. Both recognise that whatever the short-term costs of maintaining a presence in Spain, the longer term benefits make the investment worthwhile.

Citibank first opened a representative office in 1974 and was quick to take the opportunity to open branch offices in Madrid and Barcelona after the 1978 liberalisation. It is now assessing the potential of the new bank it has acquired and expects to spend some \$15m on training and updating the branch network.

The middle market comprises small business, the bulwark of the Spanish economy, which requires a number of financial services. The discounting of trade bills is one such important source of business for Spanish banks but extremely costly to operate. Some foreign banks which ventured into this area after 1978 overextended themselves and found that when the level of business fell back in the last couple of years they were burdened with mammoth overhead costs.

**Undecided**  
Citibank is one of the few foreign banks to be taking such an aggressive marketing stance in Spain. Most banks are still undecided on what shape their business take in the long term, and are taking stock after a couple of leaner years.

The profits performance of the 36 foreign banks was quite chequered in 1983, as the accompanying table reveals. The four new banks of course show only a modest profit. They were all caught out by the Government's decision to raise the minimum capital requirement for foreign banks from Pta 750m to Pta 2bn. As they had already applied for a licence when the level was raised they were allowed a compromise limit of Pta 1.5bn. The

main Spanish banks, the Big Seven, did not secure Atlantico for themselves, if only to avert its falling into foreign hands. The administrators of the Rumasa banks and the Finance Ministry have undertaken co significant initiative. The Deposit Guarantee Fund has in the past year been shifting the burden of the bad debts to the holding on to six specific banks, the Noroeste, General, Industrial del Sur, Condal, Jerez and Lathine. The exposure to the holding has consequently been reduced among the remaining 12 in the banking division. Meanwhile Sr Boyer has announced the issue of bonds, spread over several fiscal years, to cover the holding's Pta 259bn losses.

The bonds issue goes to the kernel of the problem. Until the negative net worth of the holding is eliminated there is no way that a group of banks owned by that same holding can prove an attractive buying proposition.

What is striking is that the

Government said the sharp rise was merely a monetary correction to compensate for inflation and the fall in the value of the peseta. But the move was widely interpreted as an attempt to slow down the pace of foreign companies entering Spain and so far there have been no new additions.

The Government has taken other steps to restrict foreign banking. Alarmed by the rapid expansion of the interbank market and its success as a way of overcoming state restrictions on liquidity of funds, the Government has extended coefficients to include some monetary instruments and introduced new Treasury bills of its own to compete with the banks.

The table of pre-tax profits over the last five years reveals a widely varying performance and level of success for the foreign banks. Some have been content to maintain only a very limited presence, little more than a shop front. Others have built up a large and profitable business lending foreign currency and arranging syndicated loans. Some have had debt rescheduling problems with major customers like Union Explosivos Rio Tinto; others are concerned at the high level of lending to some troubled public utility companies.

The latest bank to be put up for sale drew considerable interest from overseas as well as Spanish banks. It was the Banco Atlantico, the largest and best run of the Rumasa Group's 20 banks.

The Bank of America tried to construct a deal with the Banco de Bilbao to buy the bank jointly but the race was won finally by an Arab-led consortium of the Arab Banking Corporation with the state-controlled Banco Exterior and the mixed Banco Arabe Espanol (Aresbank).

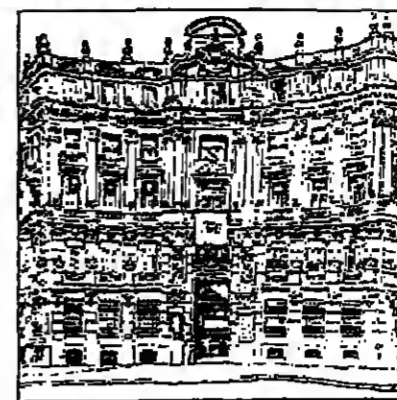
Arab Banking Corporation, which is owned by Kuwait, Libyan and Abu Dhabi interests, has a 70 per cent stake. The joint bid amounted to Ptas 5.1bn (\$34m) and the consortium has also agreed to inject a further Ptas 7.5bn in new capital into Atlantico.

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MARCH, 1984

## Rumasa-shaky foundations

CONTINUED FROM PREVIOUS PAGE

increasingly becoming essential for the funding of the holding. A majority stake in the Banco de Expansion Industrial, Exbank, was bought in 1981 by what was later to be known as Rumasa B and the same parallel holding bought the Banca Masaveu outright the following year.

Exbank and Masaveu form one group within the Rumasa banking division by virtue of their "hidden" status. Seventeen other banks, some local, some regional and some national but all of them bought and operating on the Banco de Jerez pattern, form a second group within the division. The third group is formed by the Banco Atlantico.

For several reasons Atlantico was typical of the group's banking division. It was in a different league from any of the other banks. Banco Atlantico accounted for nearly a third of the total deposits of the 20-strong banking division, for a quarter of its capital and reserves and, by Sr Ruiz

Mateos's own reckoning, for 70 per cent of the division's profits (the profit claim is, of course, contested by the monetary authorities who estimate that the banking division was losing Ptas 30bn annually).

It was clear from the beginning that if any of the Rumasa banks was going to be reprivatised it was to be the Atlantico. On March 21 the Cabinet duly approved its sale to Arab Banking Corporation, owned by official Kuwait, Libyan and Abu Dhabi interests, which led a joint operation together with the state-controlled Banco Exterior and the mixed Spanish-Arab Banco Arabe Espanol.

Arab banking corporation staked 70 per cent of purchase, Exterior 25 per cent and Aresbank 5 per cent. Earlier the Banca Masaveu had been sold for a nominal sum to a second Oviedo-based bank, Banco Herrero. A package of 443,000 Masaveu shares nominally worth Pta 1,000 each were transferred for Pta 1 apiece. Herrero received a

Pta 2bn interest-free loan and undertook to subscribe to a Ptas 1bn capital increase at Masaveu. That was essentially an operation between two local banks centred in the northern Asturian region. The Atlantico purchase was altogether in a different category and provides better pointers to what the future might hold for remaining Rumasa banks.

Arab Banking Corporation's consortium successfully bid Pta 5.1bn for Atlantico, representing three-quarters of the bank's nominal value, committed itself to providing a further Pta 7.5bn of new capital and guaranteed a Ptas 7bn loan made to Atlantico by the Bank of Spain. The outlay could be considered cheap considering that Atlantico is the 10th Spanish bank in deposit terms, has 3,500 employees, boasts a balance sheet total of Ptas 280bn and registered pre-tax profits of Pta 1.9bn last year.

What is striking is that the

main Spanish banks, the Big Seven, did not secure Atlantico for themselves, if only to avert its falling into foreign hands. The administrators of the Rumasa banks and the Finance Ministry have undertaken co significant initiative. The Deposit Guarantee Fund has in the past year been shifting the burden of the bad debts to the holding on to six specific banks, the Noroeste, General, Industrial del Sur, Condal, Jerez and Lathine. The exposure to the holding has consequently been reduced among the remaining 12 in the banking division. Meanwhile Sr Boyer has announced the issue of bonds, spread over several fiscal years, to cover the holding's Pta 259bn losses.

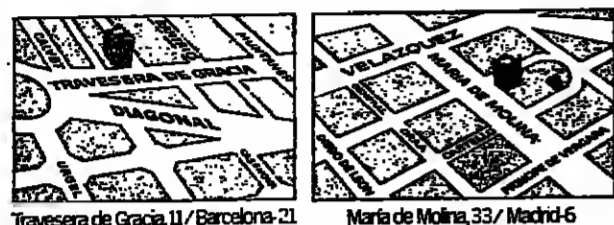
The bonds issue goes to the kernel of the problem. Until the negative net worth of the holding is eliminated there is no way that a group of banks owned by that same holding can prove an attractive buying proposition.

What is striking is that the

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## UNCONSOLIDATED FIGURES

December 31st  
(In million pesetas)

	1983	1982	Variation
Net Income	6,359	5,791	9.8
Total Equity	44,167	40,428	9.2
Customer Deposits	620,415	534,148	16.2
Total loans and Discounts	403,229	390,169	3.3

# Recovery revives hope for wider capital role

**Stock exchange**

ALISON HOGAN

TRADING on the Madrid Stock Exchange got off to a brisk start in 1984. The increased level of activity is particularly welcome as it follows a long period of indifferent levels of trading which only began to show slight signs of improvement in 1983.

The first two months of 1984 saw the stock exchange index rise from a base of 100 to around 120. Various reasons have been offered to account for the rise, including a slight weakening of the dollar to the benefit of the peseta and a strong speculative element from investors in Spain and overseas who sense a turn in the market.

Certainly the stock exchange has been trading at such a low level of activity that there are many stocks with a market capitalisation well below their true worth. If the feeling is that the worst is over then speculators are usually quick to move in to benefit from the coming general rise in share prices.

**Total returns**

The general Stock Exchange index closed at 117.97, up 51.85 per cent on the previous year. The index reached its year high on November 10 at 129.14. The banks continue to dominate the stock exchange, as major listed stocks and in the organisation of the market. Two sectors, banks and electrical stocks plus Telefonica, the large utility company, account for 80 per cent of the stock exchange. Telefonica achieved the highest volume of trading of any stock on the Stock Exchange in 1983 with Pta 10,96m.

Sr Manuel de la Concha, president of the Madrid stock exchange, is keen to take the opportunity of the new levels of activity to further his campaign to strengthen the stock exchange as a risk capital market. The Spanish stock exchanges (one each in Madrid, Bilbao, Barcelona and Valencia) have never developed the major financing role for industry which other major stock exchanges around the world have



Sr Manuel de la Concha, president of the Madrid Stock Exchange—campaigning to strengthen the market's function.

established. In particular, there is no strong presence from financial institutions such as unit trusts, pension funds and mutual funds. Sr de la Concha would like reforms to facilitate the investment of such institutions.

The risk capital market in Spain has decreased in real terms in the ten years since 1973 when the long economic crisis began. The volume of transactions in 1983 represents only 54 per cent in constant pesetas, the volume of shares negotiated in 1973.

In the period 1981-83 108 companies were suspended from the Madrid stock exchange through takeovers and mergers, the banking crisis or because of failure to meet disclosure requirements. Their total market capitalisation of Pta 120bn amounted to a fifth of all the new issues admitted to the stock exchange in the same period. There are 229 qualified listed companies quoted today out of a total of around 500. The remaining companies are on a secondary market with less onerous requirements.

While equities languished at a low ebb, the stock exchange was saved by the growth in the market in Treasury bills, the volume of which has continued to rise.

Short-term financial investments now account for 40 per cent of the total market. The short-term credit really took off

directive that brokers and other intermediaries should notify all transactions on behalf of their clients to the Treasury for tax reasons. They fear such disclosure will keep potential investors away.

The Stock Exchange has been putting its own house in order and has introduced new regulations to equate the level of financial disclosure of quoted companies to the same standards as required by the central bank.

In 1982-83 30 per cent of listed companies reached the required standard and 27 companies were suspended. In the current year over 90 per cent are expected to comply.

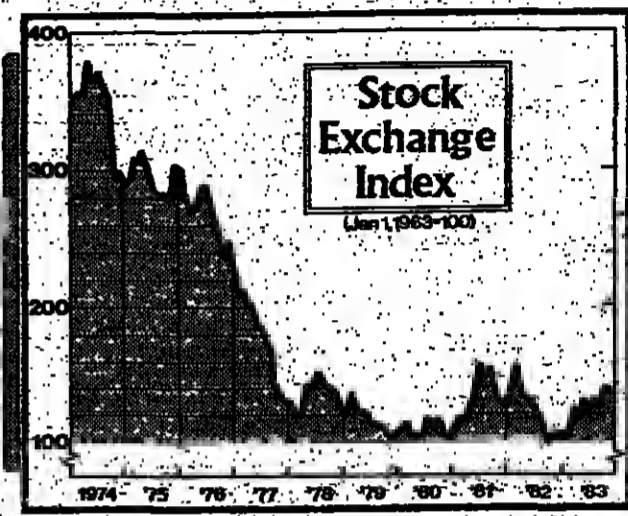
The regulations governing stockbrokers have also been changed to allow them to form partnerships with an upper limit that no partnership would have more than 10 per cent of all the brokers on the stock exchange as members.

The brokers are now allowed to manage portfolios of shares and to buy for their own account. There are special accounting rules governing the procedures. The contents of the portfolio and the partnership holdings must be disclosed. The board of the stock exchange has the power to audit the brokers accounts and monitor their activities.

The stock exchange has had to compete against a background of high interest rates, a sluggish economy and a business world with underdeveloped risk capital structures. The more international the economy and Spain's financial institutions become, the more should the influence and role of the Stock Exchange increase.



Renewed activity reflected among dealers on the trading floor.



# Rival groups locked in confused fight for market shares

**Credit cards**

SUSAN HARRIS

"A LOT of confusion and a lot of plastic," remarked an official at a top foreign credit card group.

Spain ranks third after Britain and France as one of the fastest growing credit card markets in the world—for the Spaniard rarely reaches for his cheque book. Fraud is so prevalent that few shops or businesses accept cheques as payment and telephone bills are invariably paid by direct debit on personal bank accounts.

But though the average Spaniard holds two plastic cards of some description, above the European average, he spends far less with them than his European counterpart. Add to this the traditional rivalry between the country's Big Seven banks and you have a peculiarly Spanish recipe for chaos.

"Banks have been issuing cards without teaching people how to use them," says Sr Eduardo Merigo, president of Visa Espana.

Visa Espana was set up in 1979 with the backing of over 100 Spanish banks and savings banks to promote Visa cards in Spain.

It did not, however, introduce the credit card to Spain. This was done in 1971 by Banco de Bilbao, Spain's fourth largest bank in terms of domestic deposits. Banco de Bilbao started off with Bankamericard, which evolved into Visa—and became a great commercial success.

By the time Visa Espana arrived to break its monopoly, it had established a wide customer base by means of the card and according to its payments director Sr Ramon Diaz Ojeda, was one of the world's leading banks in this field.

**Less successful**

Other Spanish banks attempting to move into credit cards at this time were less successful. Banco de Vizcaya had an unfortunate experience with Eurocard and a rival organisation of four of the other Big Seven banks—known as 4B—failed to get a cheque guarantee card project off the ground. This club, made up of Banesto, Banco Central, Banco Hispano Americano and Banco de Santander, is now reviewing its strategy and concentrating on the cash dispenser market.

Mastercard was introduced around this time by the Catalan regional banking group, Banca Catalana, and 15 other banks and savings banks, of which the most significant was Banco Atlantico, the recently auctioned Rumasa bank.

For Banco de Bilbao, however, which had issued 1.3m

cards by the time Visa Espana arrived and broke its monopoly, the credit card was an invaluable contact it previously lacked between its customers and retailers. Mastercard and Eurocard were trailing well behind, with 350,000 and 80,000 cards in issue respectively.

Banco de Bilbao still accounts for roughly 35 per cent of Visa cardholders in Spain, though numbers have fallen off since a charge was introduced for the first time last March. At the end of last year there were 2.15m Visa cards issued in Spain, of which 780,000 were held by Banco de Bilbao customers. Banco Popular follows with 275,000 cards.

Visa Espana now has a direct computer link with the Corte Ingles chain, Spain's major department store, which accounts for 2m transactions a year. Similar links are planned with the state airline Iberia, the state railway company Renfe and the former Rumasa department stores, Galerias Preciados.

Sr Merigo is confident of Visa Espana's future and says his main aim now is to boost sales per card.

**Looking good**

Certainly, from the point of view of market share, things look good for Visa. Visa International has cornered 83 per cent of credit card activity in Spain. Banks belonging to the 4B grouping are not members of Visa Espana but still issue Visa cards.

What Sr Merigo is more equivocal about is his main opposition in Spain, the enigmatic 4B grouping. "The problem with them is that they think they are ahead of the game because they haven't looked at what the others are doing," he remarked.

The 4B group, which accounts for roughly 65 per cent of domestic peseta deposits, has set its sights on developing a sophisticated cash dispenser system, hoping to launch this with a link up to Eurocheque, which is shortly moving into cash dispensers.

Its new and dynamic chairman, Sr Carlos Colino, has acquired a new partner from the strongly pro-Visa bank—Banco Popular, which is rumoured to have resented Banco de Bilbao's dominant role among them.

The 4B group is not interested in developing its Visa activities. Sr Colino said the 4B group currently had 600 automated teller machines (ATMs) within Spain. By 1986, he says, there will be 1,000. Electronic points of sale, currently in use in 40 petrol stations around Madrid, will also be widely marketed.

He described the new 4B card as the key to electronic banking in Spain, providing a quick, paperless service to clients. "We want a German girl to be able to arrive in Spain with a bikini and little else," he muses.

The only weak point, he admits to is in the low number of cards issued—only 400,000 at present. Sr Colino's target is 4m by 1988.

Visa banks are seething about the scheme, which they say is being launched by data processing experts—not marketing men. The 4B cheque guarantee card dropped in the 1970s for precisely this reason, they say.

Also due to link up with have poured publicly and privately on the 4B scheme they have been worried enough by it to launch a response—Servired. Servired, due to come into operation this summer, is a cash dispenser and electronic point of sale grouping formed

by the strongly pro-Visa banks. Its network, with an initial 400 ATMs, will put Spain firmly behind Britain and France in terms of cash dispenser per card holder. ATM target number is 1,000—in line with 4B.

What may attract the baffled Spaniard in search of the best Spanish cash dispenser grouping is that, in all probability, Servired will issue Visa electron cards—for use in its ATMs and the system will have an international network 4B lacks at present. According to Servired, 4B's planned agreement with Eurocheque is a doomed scheme.

Also due to link up with Servired are the savings banks, which have the most sophisticated cash dispenser network in Spain, thanks to superior modern equipment bought long after the commercial banks, and a strong regional basis which cuts intercommunication costs.

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## SPANISH BANKING V



Banco de Bilbao has had a presence abroad for most of this century and set up offices near London's fruit markets back in 1918. Pictured above are its offices in the City of London, linking it to the financial community

## Information flow improved as new generation moves in

### Spanish banks abroad

ALISON HOGAN

A QUIET sense of optimism pervades the boardrooms of Spain's major banks after a tumultuous few years when smaller banks went down like ninepins and the international debt crisis threw a harsh spotlight on the hitherto most secretive of institutions.

The octogenarians who made their fortunes and built up their banking empires under Franco are slowly disappearing from the top to be replaced by a younger, more meritocratic generation with degrees in economics, business studies or occasionally accounting.

This new generation of bankers is less insular and recognises the necessity of improving the financial accountability and level of disclosure of the banks' financial information. A number of the Big Seven banks finally submitted to an external audit for the first time in 1982.

The banks' foreign exposure, especially in Latin America, had caused the international business community great concern. The Spanish banks were more difficult to assess than the sector generally because of their heavy involvement in industrial subsidiaries. The presence of these subsidiaries overseas had often been the motor for the banks to follow and open up branches or "filiales" partly owned subsidiary banks.

Banco de Santander was one of the Big Seven to submit for the first time last year to an external audit conducted by chartered accountants Arthur Andersen. Its loan exposure

of some \$300m in Latin America represented 5.2 per cent of its total assets. Bad debt provisions of its Latin American subsidiaries were around \$20m. It suffered, particularly from the devaluation of the Chilean peso, where total exposure was \$65m.

Although the figures are large the reassuring fact for Spanish banks like Santander is that although their exposure in Latin America is high, it is no worse and often considerably better than many other banks, especially some from the U.S.

The role of the Banco de España, Spain's central bank, has been the key in smoothing the path for Spanish banks to provide greater financial disclosure. In the wake of the banking crisis which erupted in 1978, the Banco de España began to demand a far higher level of information from the banks without publishing it all.

Monthly returns are submitted to the central bank and the bank has the powers to inspect the accounts to branches, if it wishes. The central bank started to compile a certain amount of confidential information about the banking sector as long ago as 1968 but had no legal power to intervene when it uncovered disturbing financial statements.

### Respect

The Banco de España, according to one of its managers, knew in advance of the financial troubles facing 47 of the 52 banks which collapsed in the banking crisis. The remaining ones had problems which arose later as in the case of the Banca Catalana, he said.

The Banco de España's discretion in dealing with the financial information received has earned the respect of the banks and encouraged them to

supply full and accurate figures. However, it leads to a certain ambiguity for the rest of the business community, as to the precise standing and authority of the central bank.

The system is one of trust and self-regulation. The current message from the central bank is that the worst of the banking crisis is over and that there are no ugly surprises about to shake the outside world.

Yet after the banking crisis of recent years culminating in the state seizure of the Banca empire, to accept the word of the Banco de España is a big act of faith on the part of the international business community.

The Banco de España's main instrument of control over the banks is through the issue of circulars providing guidance on accounting and disclosure of financial information. The circulars are not mandatory but are usually complied with. They are issued after extensive consultation with the banks.

The Banco de España has published information on the banks' overseas business, including a detailed list of all their overseas operations, including such as either representative offices, branches, or subsidiaries with the percentage equity stake.

All the banks have had their 1983 figures audited by a firm of external auditors after last year's exhortations from the central bank, though they have not all consolidated the figures. As a further step in improving disclosure the central bank is asking that "filiales" of foreign banks in which they have a majority stake should have a separate external audit.

In January 1982 the Banco de España issued a circular which provided guidelines on reporting for bad debt provisions related to the length of time in which the debts had remained

unpaid. It set down a time scale by which a minimum level of provisions had to be made.

Some companies have taken an even more conservative line than that laid down by the circular. The Banco de Bilbao, for example, increased its net profits by 13 per cent last year to Pta 9,97bn (\$63.8m). It lifted its total for provisions and write-offs by 45 per cent to Pta 23.8m and set aside for credit loss 69 per cent to Pta 22.4bn.

The Banco Hispano Americano raised its level of provisions and set aside by 18 per cent to Pta 17,50bn following a 30 per cent increase in 1982. Banco de Vizcaya's provisions up 13 per cent to Pta 20,26bn were down on the previous year.

### Eligibility

The Banco de España is now discussing with the Ministry of Finance the problem of the fiscal treatment of foreign currency exposure provisions to determine whether they should be eligible for tax relief or not.

In general the trend of the Spanish banks has been to reduce the level of foreign currency exposure. Figures compiled by IBCA Banking Analysis reveal that in the balance sheets of the Big Seven banks the average ratio of foreign currency exposure to equity has gone down from 4 per cent in 1982 to 3.6 per cent in 1983.

Most Spanish banks have slowed their programme of overseas expansion with the exception of Banco Central, which has continued to pursue a high profile. It has a plan to open a number of offices in Africa and recently opened one in Lima, Peru. It is well represented in the major financial centres of the world and even has a quotation for its shares on the Paris, Frankfurt and New York stock exchanges.

## Sector's funding role increased

### Export finance

TOM BURNS

THE SPANISH Government undertook a significant legislative initiative last year to diversify and increase export finance. Further administrative measures due this spring dealing with export credit insurance have the same objective—to encourage banks in general and foreign banks in particular to fund the export sector. The strategy is a timely one as exports have assumed a crucial importance to the Spanish economy as a whole.

The traditional export finance lines have in the past drawn on a 3 per cent share of the coefficient levied by the monetary authorities on the private banks for restricted official credit, a share reduced to 1 per cent in the case of the cajas or savings banks and on the funds channelled by the government's Instituto de Crédito Oficial (ICO) to the state controlled Banco Exterior de España. Under the new rulings foreign currency is called on to play an important role.

### Tailor-made

To complement the capture of new funds for exports the insurance company, Compania Espanola de Seguros de Crédito a la Exportación (CESCE), which is part publicly owned and acts on behalf of the administration, is putting the finishing touches to a new policy tailor-made for foreign currency credits and for foreign banks, whether resident or non-resident in Spain.

A third new administrative feature concerning the export sector has been an increased backing and budget for the

Instituto Nacional de Fomento de la Exportación (INFEX), the Government export promotion agency. Under a new programme unveiled this year there will be special subsidies for individual companies and for the formation of export consortiums, as well as greater promotion abroad with particular emphasis in OECD nations.

The package of measures both legislative and administrative reflects the status now accorded to the export sector in the midst of depressed Spanish economy. The sector's performance last year, when it grew by 7.5 per cent in real terms prompted congratulatory backslapping in the Finance Ministry. It indicated a rapid decision taken when the Socialist Government came to power in December 1982 to let the peseta slide and to retain a tight monetary control.

In 1983 the Spanish GNP grew by 2.1 per cent, close to the Government target. This again was an encouraging performance and ahead of the EEC average. Internal demand last year, however, grew by just 0.7 per cent and it fell to the export sector to contribute a full 1.4 per cent to the GNP growth. With a continuing policy of restraint on internal consumption, exports can be expected this year once more to provide a massive pull to the economy.

Exports in January grew by 95 per cent against the corresponding month last year in pesetas, a 48 per cent rise in dollar terms. In December, 1982, the peseta was devalued by 8 per cent. In the course of last year the Spanish currency depreciated 20 per cent against the dollar. Administration economists in Madrid argue that the delayed effect of the peseta slide against the dollar, calculated at between 10 months and a year, will keep Spanish exports of the crest of

a wave at least through the summer. The forecast for 1984 is for stable exchange rates and the target is to reduce last year's inflation from 12 per cent to 8 per cent.

The growth of exports was marked by a noticeable shift in markets. Exports to the European Community represented 48.3 per cent of the total against 45.8 per cent in 1982, while exports to the U.S. and Canada were up from 7.1 per cent of the total in 1982 to 8.4 per cent. In contrast, exports to Central and South America slipped from 17.1 per cent to 14.5 per cent last year. Not surprisingly the trend encouraged last year, and again this year, is to export to "consumer markets which pay," as one official put it.

### Legislation

Considerable hopes are placed in the possibilities of foreign currency finance made possible by the new legislation. Last August the Cabinet approved measures whereby direct subsidies to banks from the credit agency ICO covered the differential between the cost of raising funds and the interest received. ICO's subsidies in addition guaranteed a profit margin.

The legislation is aimed particularly at foreign banks which have to capture funds on the inter-bank market and are not subject to the coefficient and do not have direct access to ICO credit lines. No distinction is made under the new rulings between resident and non-resident banks. Officials believe that as well as an important new source for funds Spanish exports will benefit from the greater expertise of foreign banks as well as from access to new clients.

The ICO subsidies apply only to export credits for industrial goods in foreign currency for a period in excess of two years. Already the administration is

claiming success for its initiative. In the first six months following the legislation there were 20 applications to provide credits under the new system which totalled \$454m. Foreign banks accounted for 13 per cent of the applications and covered 88 per cent of the total credit offered. ICO for its part earmarked Ptas 5bn for subsidising the differentials last year.

Officials stress that the new legislation does not intend to substitute the traditional export finance system via the coefficients and the Banco Exterior. The aim is simply to increase the funds and the spread. Inevitably the predominance of Banco Exterior will be undermined. But executives of the state-run bank say a diminished role as export finance supplier will be amply compensated by increased business as a consultant to and partner with foreign banks entering the export sector.

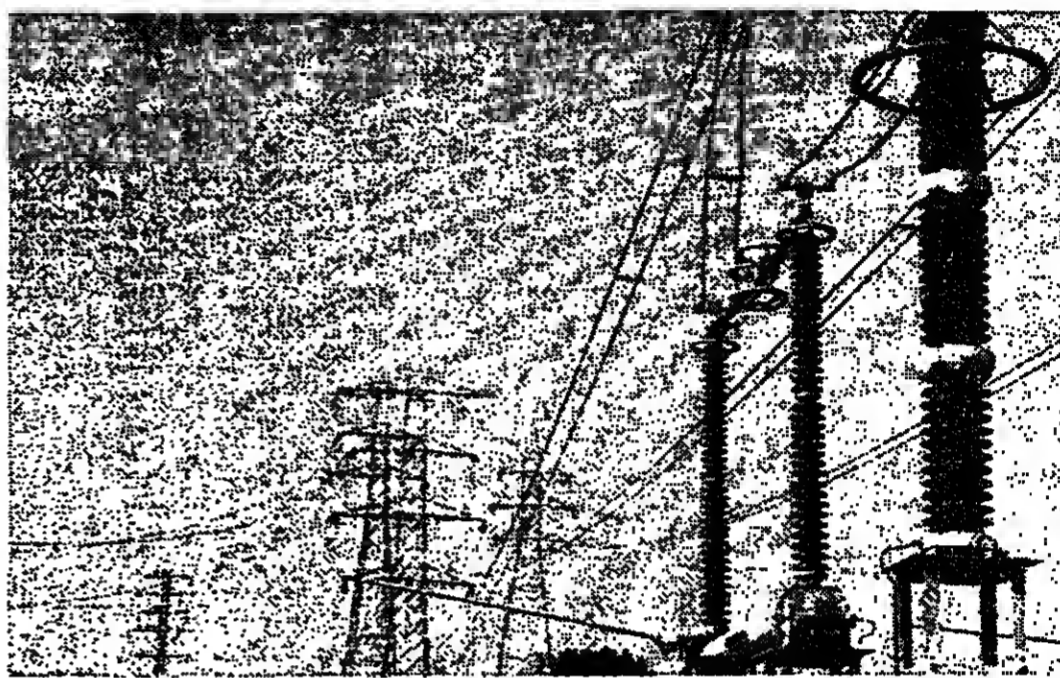
While ICO busied itself with applications for the differential and profit margin subsidies the insurers CESCE have adapted their policies and conditions for the influx of non-Spanish banks. Previously coverage was provided for peseta credits and no facilities existed for foreign currency dealings. Moreover, export credit insurance for non-resident banks was a time-consuming bureaucratic process. The new policies will not only cover the existing gaps but will also offer more attractive terms.

CESCE plans to offer a 100 per cent coverage of risk, guaranteed by the state, for foreign currency export credits. This is a notable improvement on the 80 to 95 per cent coverage that is applicable to peseta financing. In addition, the insurers will provide indemnity within 90 days of a default, against eight months in the case of peseta credits, and within 10 days in cases of formal insolvency.

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# The top tier competitors and their dominance

## The Big Seven

SUSAN HARRIS

IN SOCCER-MAD Spain the battle of the banks begins at half-time. With a guaranteed TV audience of millions for a top football match the big league of Spain's banks have long been in agreement about one thing, if nothing else—it pays to advertise.

As soon as the stars of Real Madrid or Barcelona retire to the dressing-rooms, the banks take over and in a country not noted for the sophistication of its television service the captive audience is treated to a stream of slick bank commercials.

Competition among Spain's Big Seven banks, which with their subsidiaries control almost 80 per cent of domestic peseta deposits, remains as acute as the differences between them. The two biggest in terms of deposits, Banesto (Banco Espanol de Credito) and Banco Central, are also the most conservative.

### Banesto

Banesto trades on its traditional image, built up during the Franco regime. Concentrating on the domestic market, it is the least involved in foreign exchange dealing and has shown considerable resistance to the introduction of foreign banks to Spain.

Many of its customers are

attracted to it, and remain loyal to it, merely because it has the largest bank network. Its president until late last year, Sr Jose Maria Aguirre Gonzalez, also enjoyed a strong following.

An outspoken critic of socialism, he made no secret of his feelings about the advent of Prime Minister Felipe Gonzalez's Socialist administration in October 1982. The latter, on the other hand, was in no doubt as to the personality of the country's largest bank in terms of peseta deposits.

Banesto's board includes two former Franco Ministers—Sr Federico Silva Munoz and Sr Gregorio Lopez Bravo. Franco's ambassador to Washington, Sr Jaime Arguelles, and the head of the large utility Endesa, Sr Jose Maria Ortiz y Urquijo, are also board members.

The election of a new president last December was a rare sign of change—though Sr Pablo Garcia, the new incumbent, already in his mid-70s, is unlikely to change the bank's image significantly.

Sr Garcia, who has spent the past five decades in the bank and whose father was president some 25 years ago, sounds remarkably like his predecessor. He has made "the only way to make a country progress is by hard work," has been one of his most reported remarks.

There is no sign of change either in the bank's legendary thriftiness, encouraged by Sr Aguirre Gonzalez. There are no official cars in Banesto and a tight rein is kept on expense accounts.

### Banco Central

On a par in terms of reticence about its operations is Banco Central, the second largest bank in terms of peseta deposits but slightly bigger than Banesto when its foreign currency deposits are taken into account. Other banks among the big seven compete over degrees of transparency. Only in recent years have they submitted their accounts to independent auditors, for example.

Banco Central, however, declines to play this particular game. It is alone among the big seven in having no public relations department; it is tight-lipped even on the question of its annual results.

But in the public in general Banco Central, with its splendid neo-classical headquarters set firmly opposite the Bank of Spain on Madrid's equivalent of Wall Street, the Calle de Alcalá, is as firm and respectable a bastion of the Spanish banking system as Banesto.

Banco Central is headed by Sr Alfonso Escamez, a southerner who in contrast to the banking aristocrats of Banesto started at the bottom.

Born in Aguilas, Murcia, Sr Escamez entered Banco Central Internacional de Comercio (Bankinter) at the age of 12 after his father was killed in an accident. Bankinter was taken over by Banco Central in 1943 and Sr Escamez gradually worked his way up, working in Alicante and Galicia before moving to Madrid, where he was elected President in 1973.

He has generally kept a low political profile since the death

of Franco, but has made no secret of his resistance to the subsequent liberalisation of the Spanish banking system and the entry of foreign banks into Spain. Fiercely patriotic, he has also voiced his concern about Spain's entry into the European Community.

Unlike Banesto, however, which has concentrated on the domestic market at the expense of operations abroad, Banco Central has been one of the most active of the Big Seven overseas. It was a pioneer in exploiting the Latin American market and in February 1982 was the first European bank to open a branch in Canada. The Banco Central of Canada followed U.S. and Japanese banks into Toronto.

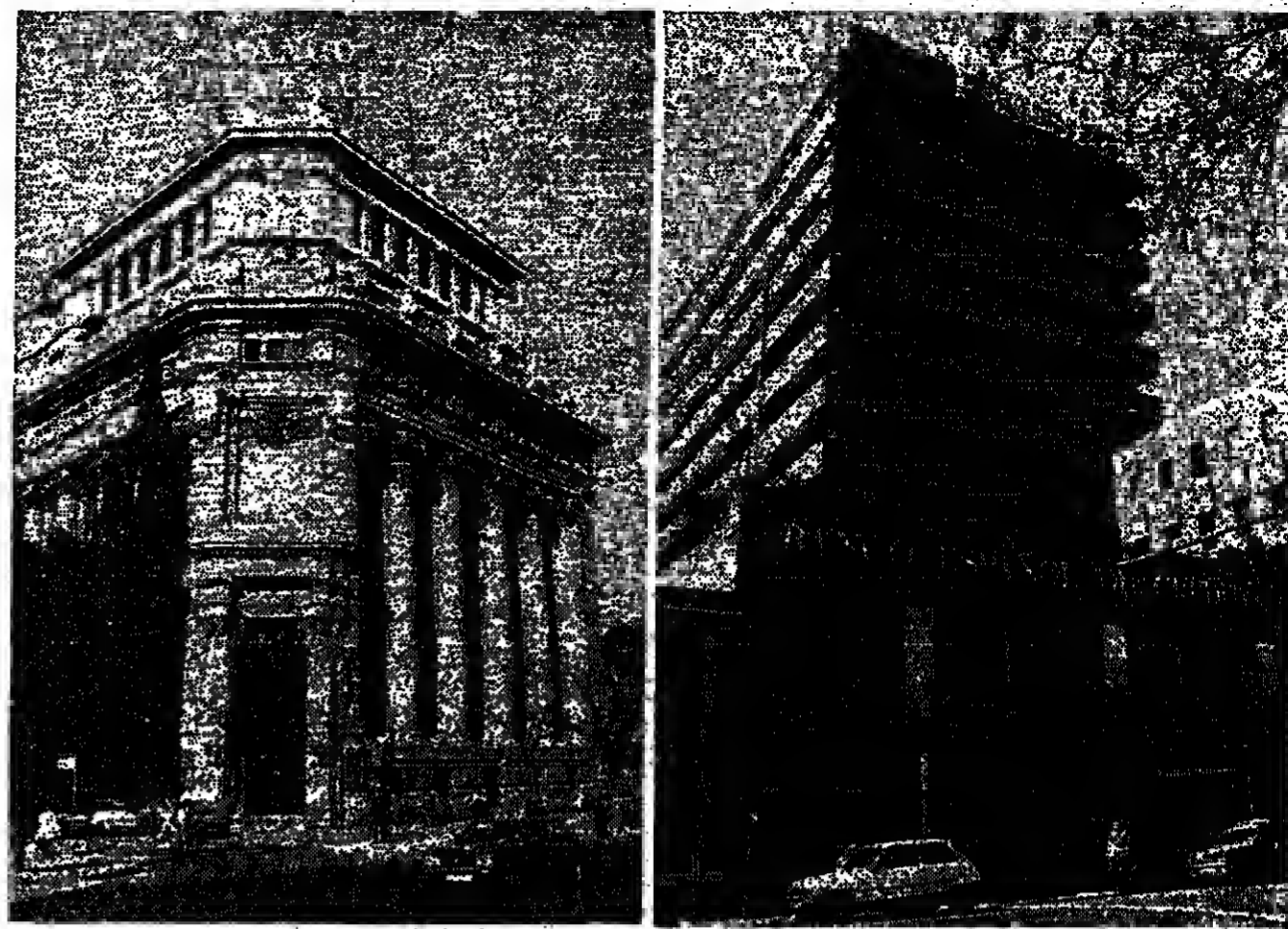
### Banco Hispano Americano

Close behind Banesto and Banco Central comes Banco Hispano Americano, third largest in terms of deposits. It is on the point of moving away from its headquarters adjoining the Calle de Alcalá to a massive tower block on one of Madrid's busiest and most fashionable streets—the Paseo de la Castellana.

The move, scheduled to take place early next year, will end a period of transition for the bank. In the past year its president, Sr Luis Usura, retired, somewhat reluctantly, and the dynamic and relatively young Sr Alejandro Albert took over.

At 49 Sr Albert became the youngest of the Big Seven presidents—26 years younger than his predecessor. He is a lawyer who has studied in Paris and London, joining Banco Hispano Americano in 1964. Slightly introverted, he has the reputation of being one of the most intellectual of the Big Seven presidents and to be careful to a fault in making key decisions.

Speaking English and French fluently, he is also the president said to be closest to foreign bankers in Spain. Moreover, while not reported to share the political views of Spain's Socialist Government, Sr Albert is closest in age to the 42-year-old Prime Minister and is often



Two bastions of Spain's banking system — Banco Central and Banco Espanol de Credito (Banesto) — both noted for their strongly traditionalist image.

spokesman for the Big Seven.

Sr Albert's arrival at the presidency coincided with the bank's consolidation of its third place in the all-important rankings with its takeover of the country's leading merchant bank—Banco Urquijo.

Banco Hispano Americano, which already held 12 per cent of Banco Urquijo and had ten directors in common, including its president Sr Jaime Carvajal, merged it with the ailing Bankunion, the country's second largest industrial bank, which it had picked up in 1982.

The result is what Banco Hispano Americano calls a "universal bank" as opposed to the traditional labels of "commercial" or "industrial." The new bank will rank eighth in Spain in terms of assets and ninth in terms of deposits, but will be the largest industrial bank, with 175 branches.

Two Basque banks via for fourth place behind Banco Hispano Americano.

Their Madrid headquarters face each other across the Paseo de la Castellana, though both have their headquarters in Bilbao. Banco de Bilbao, currently just ahead of Banco de Vizcaya in terms of deposits, prides itself on the fact its skyscraper is a few feet higher than its rivals.

### Banco de Bilbao

Banco de Bilbao is led by Sr Jose Angel Sanchez Asain, 54, who became president ten years ago. A university professor in public finance, Sr Asain is a quiet intellectual who prefers to stay in the background, though in a rare public statement recently he criticised the Government for failing to reach a social pact this year with the country's trade unions.

Sr Asain is also said to have been the president most in favour of the banking system's liberalisation during Spain's gradual transition to democracy and in many respects Banco de Bilbao has been one of the banks to change most quickly with the times.

It was the first bank to lend money to the newly legalised Communist Party in Spain; it also introduced credit cards.

In 1902 it set up a branch in Paris—the first Spanish bank to establish a presence abroad. By 1918 it had branches in London at Covent Garden and Spitalfields to cater for the financial needs of Spanish fruit traders there.

It prides itself on having reinforced its customer base with "family credits"—a project, loans to families started 15 years ago.

Banco de Bilbao, which still maintains a strong involvement with industry, financed the development of the railway system in Spain.

### Banco de Vizcaya

At Banco de Vizcaya, its arch-rival, top executives are on the move—but back to the Calle del Alcalá from their Paseo de la Castellana skyscraper. The physical move is rumoured to argue more significant changes in the bank's operations.

For the past six years Sr Pedro Toledo, a gaunt aristocrat with an industrial training, has been number two in the bank, the right-hand man of the 65-year-old president, Sr Angel Galdiz. Sr Toledo, who has worked in Banco de Vizcaya since 1988, is certain to be the next president.

Banco de Vizcaya is one of the most aggressive of the Big Seven and this year was the first to publish a double page advertisement of its 1983 results in major Spanish newspapers—in colour in some cases.

Another feature of Banco de Vizcaya's activity recently has been its policy of nursing ailing banks back to health. It has bought up several of the smaller banks which ran into trouble during Spain's banking crisis in the late 1970s. In 1988 it bought Banco de Credito Comercial, the first bank to come out of Spain's banking hospital, and followed this purchase with Banco Occi-

dental, Banco Meridional, Banco Commercial Occidental and Ahorrobank.

Its policy has been to revive these banks by consolidating and expanding their regional activities and the success of the venture can be gauged by Banco de Vizcaya's recent decision to buy Banca Catalana, the largest Spanish banking group to run into difficulty.

Banca Catalana, the brain child of Sr Jordi Pujol, the head of the Catalan autonomous government, was taken over by the Bank of Spain in late 1982 after inspectors found it had potential losses of \$1.3bn. Six months later it was bought up by a pool of Spanish banks, led by the Big Seven, and Banco de Vizcaya was given the option to buy it within a year.

### Banco de Santander

Also with its headquarters in the north of Spain, but outside the Basque country, is the Banco de Santander. Besides being older than most of the Big Seven, (it was founded in 1857, the same year as Banco de Bilbao) Banco de Santander is unique in being a family bank.

In the seaside town of Santander the surname Botin is synonymous with banking. Sr Emilio Botin, aged 80, president for the past 50 years, has taken the place of Sr Aguirre Gonzalez as the doyen of Spanish banking, with the difference that his family has an undisclosed, but large, participation in his bank.

Banco de Santander is one of the few banks in Spain to have emerged unscathed from the string of business collapses over the past two years. Instead, under Sr Botin's guidance and the canny management of his son and likely successor, also called Emilio Botin, the bank has concentrated on its involvement with small and medium-sized businesses.

Along with Banco Central,

Banco de Santander is one of the Spanish banks with a large presence in Latin America. It has branch networks in Argentina, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Puerto Rico, Dominica and Uruguay. Following the rumours, the bank published for the first time a detailed run-down of these operations.

### Banco Popular

Banco Popular, the smallest of the Big Seven, has its headquarters neither in the Paseo de la Castellana nor the Calle del Alcalá, but in a chic residential district of Madrid.

Its president, Sr Luis Valls, a superannuated of the day Catholic organisation Opus Dei, shows a similar discretion. Sr Valls, dubbed "the Florentine banker" by the Spanish Press, keeps a low profile, leaving the ebullient Sr Manuel Martin to present the bank's face to the public. Banco Popular prides itself on being a "pure" commercial bank, shunning gimmicks.

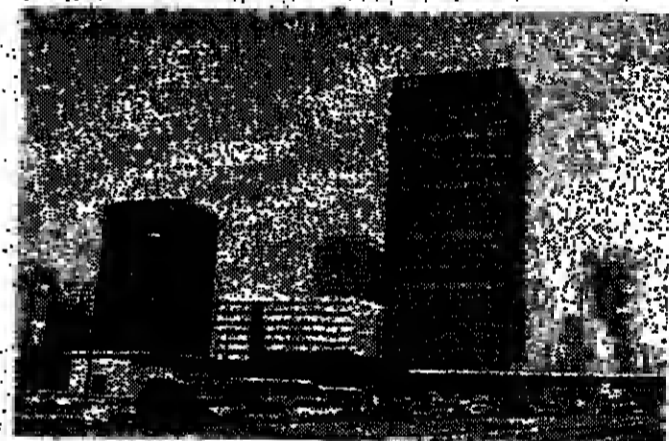
Traditionally the first to pub-

lish its annual results it has no significant industrial investments and took the clever step of pulling out of Latin America in the late 1980s. "The fat cows disappeared," says Sr Martin, and the bank closed its branches in Mexico, Venezuela, Brazil and Argentina.

Sr Valls is said by Sr Martin to be responsible for the bank's sense of humour. Unlike the other six banks in the top league, Banco Popular is not prone to "amateur dramatics" over such setbacks as the raising of obligatory deposits, says Sr Martin.

Sr Valls, however, was reported to be less than amused by accusations made by Sr Ruiz Mateos over the Rumasa affair. One most reported allegation was that the expropriation of his property had been plotted by the Big Seven banks under the leadership of Sr Valls.

The Big Seven never admitted Sr Ruiz Mateos to their circle, though shortly before his demise his banking group was close behind Banco Popular in terms of deposits. Sr Valls has denied the accusations.



Madrid's new business district as seen along the Paseo de la Castellana



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